Agriculture and Agri-Food Canada

2007-2008

Departmental Performance Report

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

How to read this report

This Departmental Performance Report presents the results of Agriculture and Agri-Food Canada's (AAFC) program activities during the 2007-08 fiscal year, compared to the commitments stated in the department's 2007-08 Report on Plans and Priorities (RPP). The report includes four sections, detailed below.

Section I, Departmental Overview, contains an introductory message from the Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board summarizing the department's performance; a Management Representation Statement, signed by the Deputy Minister and Associate Deputy Minister; Summary Information in table format, designed to provide a quick view of AAFC's reason for existence, the total financial and human resources the department manages, and an overview of departmental program activities by strategic outcome; links between the department's strategic outcomes and the Government of Canada's outcomes; an outline of all priorities, and areas of the department's vision, mandate and strategic outcomes; highlights of performance accomplishments by program activities that contribute towards ongoing departmental priorities; the management framework that the department uses to deliver results; and information on Parliamentary Committee Reports.

Section II, Analysis of Program Activities by Strategic Outcome, provides a detailed analysis of AAFC's performance at the program activity level, by strategic outcome: *Security of the Food System, Health of the Environment* and *Innovation for Growth.* This section also describes results of the Rural Secretariat and Co-operatives Secretariat and the two agencies that report to Parliament through the department: the Canadian Pari-Mutuel Agency and the National Farm Products Council.

Section III, Supplementary Information, includes information on AAFC's Sustainable Development Strategy, Parliamentary Committee Reports and Audits and Evaluations.

Section IV, Other Items of Interest, includes a list of departmental contacts, and an appendix providing links to electronic resources for further information.

Due to rounding, figures may not add to totals shown.

In our continuing effort to provide Canadians with on-line access to information and services, we are including web links to more information and highlights. These links are indicated by .

We are committed to continuous improvement in our reporting. We therefore welcome receiving your comments on this report. You can contact us in the following ways:

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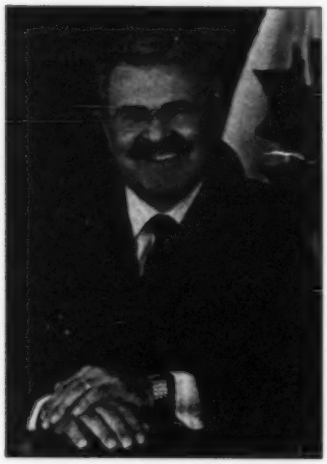
Departmental Overview

Minister's Message



The Honourable Gerry Ritz

Canadian farm families are the backbone of this great country, driving our jobs, exports and economic growth and sustaining us with healthy, wholesome and diverse food for our tables.

Since coming to office, this government put farmers first – because when farmers succeed, processors, exporters and retailers succeed, and Canadian farm families produce the highest quality food in the world.

In June 2007, federal, provincial and territorial agriculture ministers agreed in principle on *Growing Forward*, the new policy framework for Canada's agriculture, agri-food and agri-based products industry.

The vision of *Growing Forward* is a profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians.

Discussions leading to *Growing Forward* were based on the principles of close consultations with producers and productive, respectful relationships with the provinces and territories. In November, federal, provincial and territorial ministers agreed to continue non-business risk management (BRM) programs under the previous policy framework – the Agricultural Policy Framework (APF) – for up to one additional year, starting April 1, 2008. This will make for a smooth transition to *Growing Forward*, provide certainty to farmers, and enable them to have the voice they deserve in program design. It is worth noting that in July 2008 my provincial and territorial counterparts and I announced $1.3 billion in funding for programs under *Growing Forward*.

As part of the new policy framework, at the end of 2007 we signed agreements with provincial and territorial governments to replace the Canadian Agricultural Income Stabilization, or CAIS, program with new business risk management programs which are more responsive, predictable and bankable.

The new suite of BRM programs is already providing significant assistance to the livestock sector. From late 2007 through 2008, nearly $1.5 billion in cash payments is expected to flow to livestock producers through existing and new programs. These programs have been designed based on ideas put forward by producers.

In 2007-08, we worked closely with livestock producers to help them weather a 'perfect storm' of pressures on their industry. In February, legislation was passed that made an estimated $3.3 billion available to livestock producers under the Advance Payments Program. As of August 8, 2008, over $300 million has been advanced to livestock producers through the improved emergency and standard advance provisions of the program.

We also announced $50 million for the Cull Breeding Swine Program to assist hog farmers with reducing the supply of breeding stock and adjust to market realities. To date, farmers have received $38 million in 2007-08 under the program, and a further $12 million is expected to be paid in 2008-09. This government is also contributing $76 million over four years to combat disease and enhance prosperity and stability in the hog sector. The first phase of this funding, the $27-million Circovirus Inoculation Program, reimburses eligible farmers up to 50 per cent for diagnostic testing and vaccination of hogs exposed to porcine circovirus-associated diseases (PCVAD2). Funding under this phase began in 2007-08 and will continue in 2008-09.

We supported our producers on the international stage as well, helping our livestock producers sell their high-quality product in markets that had been closed due to Bovine Spongiform Encephalopathy (BSE).

Newly reopened markets such as the United States, Russia, Indonesia, Taiwan, Egypt, Mexico, and other nations are now importing Canadian beef and cattle.

At the World Trade Organization (WTO) agriculture negotiations, we continued to push for an aggressive outcome that will eliminate export subsidies, reduce trade distortion, and provide real and substantial improvements in market access.

While the delay in the completion of the WTO agriculture negotiations is disappointing for Canada, this government remains committed and will continue to advance our interests for the benefit of all Canadian farm families.

In the meantime, this government will continue to work closely with the agriculture industry, including exporters, with a view to creating new opportunities and achieving a fairer international trading environment, including through regional and bilateral initiatives. In 2007-08, we signed agreements with the European Free Trade Association and Peru which will provide real opportunities for our agri-food exporters.

This government supports the interests of our export-oriented and supply managed industries. We have continued to demonstrate our support for supply management through other concrete actions as well. For example, we have taken action under GATT Article 28 to limit imports of low-duty milk protein concentrates through a tariff-rate quota.

We continued to stand up for grain producers, introducing changes to the *Canada Grain Act* in Bill C-39 that would streamline regulation to reduce costs and improve the competitiveness of the grain sector.

We pressed hard for marketing freedom for Western grain producers by introducing Bill C-46, amendments to the *Canadian Wheat Board Act* that would clear the way for barley marketing freedom and introduce a requirement respecting commercial dispute resolution. We will continue to fight for marketing choice as the majority of farmers have clearly indicated their desire to have marketing freedom.

We helped farmers find new markets through our balanced approach to biofuels, by investing in programs to help farmers capture new value. Through Bill C-33, which was introduced in December 2007 and received Royal Assent in June 2008, this government is taking steps to regulate the use of biofuels. While 95 per cent of our farmland is still feeding consumers in Canada and around the world, this Bill will create new opportunity for farmers and cleaner-burning fuel for the environment.

The Government of Canada is committed to building a sustainable and environmentally conscious agricultural sector. While working with our provincial and territorial partners, we have helped farmers improve their environmental farming practices. Successful programs – such as the Environmental Farm Planning Initiative – have received an overwhelming amount of support from Canadian farmers.

Today's consumers are increasingly interested in food products containing health-enhancing ingredients. This growing demand provides farmers with new market opportunities for their flax, blueberry, pulse, soy and other crops. Through targeted investments in research areas like functional food and nutraceuticals, this government has helped farmers diversify and strengthen their portfolios.

Farmers asked for workable, bankable business risk management programs for Canadian farmers, and we delivered.

In late December, we began delivery of $600 million to kickstart new AgriInvest accounts. AgriInvest, one of the new business risk management programs replacing CAIS, gives farmers predictable and bankable support as well as the flexibility to invest for the future or underwrite current income pressures.

Farmers also asked us to strengthen the communities where they live, which are essential to farmers. That's why we're standing up for rural Canada through the great work done by our Rural and Co-operatives Secretariat.

We invested in innovation as a cornerstone of competitiveness through programs such as Agri-Opportunities – a $134 million program to help get new agri-based products, processes and services off the drawing board and out in the field, growing opportunities for the industry.

As Minister of Agriculture and Agri-Food, I consider it a privilege to work to address the current issues facing the sector, while striving to create opportunities for the long run. Thanks to my farming roots and experience in public life, I know personally what agriculture means to the Canadian economy and the quality of life of our citizens. I am proud of the good people working in the partner organizations in the Agriculture and Agri-Food (AAF) Portfolio – Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Farm Credit Canada, the Canadian Grain Commission, the Canadian Dairy Commission and the National Farm Products Council. We have a common mission and all share my appreciation for the place of our farmers in the fabric of this nation.

I look forward to working with my colleagues, with producers and with Canadians to build a bright future for this great sector.

Since coming into office, this government has delivered real results for Canadian farmers. Our achievements on *Growing Forward* are proof of our commitment to realizing a more profitable, innovative and market-driven industry, one that is better able to manage risks and contributes to the health and well-being of Canadians. I am looking to the AAF Portfolio partners to continue to build on this solid foundation for action and work together in the best interests of our farmers and all Canadians.

Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food
and Minister for the Canadian Wheat Board

Management Representation Statement

Yaprak Baltacioğlu
Deputy Minister

Liseanne Forand
Associate Deputy Minister

We submit for tabling in Parliament the 2007-08 Departmental Performance Report for Agriculture and Agri-Food Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- it adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- it is based on the department's strategic outcomes and Program Activity Architecture that were approved by the Treasury Board;
- it presents consistent, comprehensive, balanced, and reliable information;
- it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- it reports finances based on approved numbers from the Estimates and Public Accounts of Canada.

Yaprak Baltacioğlu
Deputy Minister

Liseanne Forand
Associate Deputy Minister

About Agriculture and Agri-Food Canada

Raison d'Être

AAFC is an economic and science-based department that works to ensure Canada's agriculture and agri-food sector is able to compete in international and domestic markets to derive economic returns to the sector and the Canadian economy as a whole. Through its work, the department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment.

The department's work is concentrated in areas of core federal jurisdiction, including supporting agricultural and agri-food productivity and trade, stabilizing farm incomes, and conducting research and development. The minister of agriculture and agri-food is also responsible for co-ordinating federal rural development efforts to enhance the quality of rural life, and for facilitating economic and social development through co-operatives.

With the development and implementation of the joint federal, provincial and territorial Agricultural Policy Framework (APF), governments recognized that a comprehensive and co-ordinated strategy was needed to ensure future profitability, sustainability and competitiveness for Canadian agriculture and agri-food.

The framework provided a stable platform of policies and programs to help the sector meet its challenges, and make the most of its opportunities. It established a new policy direction for governments and industry by enabling a full shift towards a whole-farm approach.

AAFC's program activities, based on the vision-driven APF, form a cohesive action plan which, together with the work of the agriculture and agri-food sector, provides benefits for all Canadians, including:

- a reliable supply of safe and high-quality agri-food products;
- economic, social and environmental contributions through greater competitiveness and sustainability;
- enhanced compatibility between nature and agriculture;
- increased opportunities for growth in rural communities; and
- greater international recognition for quality Canadian products and expertise.

AAFC provides information, research and technology, and policies and programs to achieve three strategic outcomes. These three strategic outcomes are described in the following table.

AAFC's Strategic Outcomes

Strategic Outcome	Description
Security of the Food System	A secure and sustainable agriculture and agri-food system that provides safe and reliable food to meet the needs and preferences of consumers
Health of the Environment	An agriculture and agri-food sector that uses environmental resources in a manner that ensures their sustainability for present and future generations
Innovation for Growth	An innovative agriculture and agri-food sector that develops food and other agriculture-related products and services in order to capture opportunities in diversified domestic and global markets

The Agriculture and Agri-Food Portfolio

In addition to AAFC, there are five other organizations that make up what is known as the agriculture and agri-food portfolio:

- the Canadian Dairy Commission (CDC), which oversees pricing, policy co-ordination and marketing for the Canadian dairy sector;
- the Canadian Food Inspection Agency (CFIA), which delivers all federal inspection services related to food, animal health and plant protection;
- the Canadian Grain Commission (CGC), which is responsible for grain quality and quantity assurance, research, and producer protection;
- Farm Credit Canada (FCC), which delivers financial services to all sectors of agriculture – primary producers, value-added businesses and suppliers; and
- the National Farm Products Council (NFPC), which supervises the operations of national marketing agencies or promotion and research agencies established under the *Farm Products Agencies Act*.

The Minister is also responsible for the Canadian Wheat Board (CWB), which markets wheat, durum wheat and barley grown in Western Canada around the world, and the Canadian Pari-Mutuel Agency, which regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada. Additional information about the organization of AAFC is provided in Section IV (Other Items of Interest) of this report.

AAFC's Program Activity Architecture

AAFC's Program Activity Architecture (PAA) provides the basis for reporting to parliamentarians and Canadians on the alignment of its resources, program activities and results. The PAA is an inventory of all programs and activities undertaken by AAFC and explains how the department's program activities contribute to the three previously described strategic outcomes. The PAA also includes corporate functions, or internal services, that support the delivery of AAFC's programs and the achievement of its strategic outcomes. The costs of these services are prorated to the program activities that contribute to AAFC's strategic outcomes. AAFC's PAA is depicted in the following table.

AAFC's 2007-08 Program Activity Architecture

Alignment to Government of Canada Outcomes

In accordance with the whole-of-government framework, AAFC contributes to Government of Canada outcomes through its strategic outcomes and program activities as shown in the following table.

Government of Canada Outcomes	Agriculture and Agri-Food Canada Strategic Outcomes	Agriculture and Agri-Food Canada Program Activities
Economic: Strong Economic Growth	Security of the Food System	Business Risk Management Food Safety and Food Quality Markets and International National Farm Products Council
Economic: An Innovative and Knowledge-Based Economy	Innovation for Growth	Innovation and Renewal Rural and Co-operatives Secretariats
Economic: A Fair and Secure Marketplace	Innovation for Growth	Canadian Pari-Mutuel Agency
Economic: A Clean and Healthy Environment	Health of the Environment	Environment
International: A Prosperous Canada through Global Commerce	Innovation for Growth	Markets and International

Summary of Resources and Performance Status

Financial Resources

2007-08		
Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
2,754.2	3,541.1	3,438.8

Human Resources

2007-08		
Planned FTEs*	Actual FTEs	Difference
6,564	6,702	(138)

* Full-Time Equivalents

Summary of Performance Status

The following summary table shows the department's assessment of its performance in accordance with the departmental priorities and expected results identified in the 2007-2008 Report on Plans and Priorities (RPP). However, the department's 2007-2008 RPP included some performance information that was determined by AAFC and TBS to be at a level (i.e. expected results at the sub-program activity level and lower) that is too low for effective reporting. As part of an ongoing effort to improve public reporting by AAFC, all performance data in this DPR has been aligned with high-level, meaningful expected results at the program activity level, based on information from the 2007-2008 RPP. A table detailing this alignment is available online.

Performance Status by Priority

Name	Type	Performance Status
1. Business Risk Management	Ongoing	Met
2. Food Safety and Food Quality	Ongoing	Met
3. Markets and International	Ongoing	Met
4. National Farm Products Council	Ongoing	Met
5. Environment	Ongoing	Met
6. Innovation and Renewal	Ongoing	Met
7. Rural and Co-operatives Secretariats	Ongoing	Met
8. Canadian Pari-Mutuel Agency	Ongoing	Met

Summary of Planned and Actual Spending

($ millions) – Net		2007-2008		
Program Activities by Strategic Outcome	**Type**	**Planned Spending**	**Actual Spending**	**Expected Results and Performance Status**
Security of the Food System				
Business Risk Management	Ongoing	1,518.9	2,223.6	• enhanced producers' capacity to manage risk • increased sector viability and profitability ***Performance Status: Met***
Food Safety and Food Quality	Ongoing	119.4	113.3	• minimized risk and impact of food-borne hazards on human health • increased consumer confidence and improved ability of the sector to meet or exceed market requirements for food products • increased value-added opportunities through the adoption of food safety, food quality and traceability systems ***Performance Status: Met***
Markets and International (70%)	Ongoing	78.5	80.5	• expanded international opportunities for the Canadian agriculture and food sector ***Performance Status: Met***
National Farm Products Council	Ongoing	3.8	3.7	• agency operations work in the balanced interest of all stakeholders • farm products marketed effectively • disputes resolved • industry and stakeholders informed regarding supply management • opportunities for the establishment of new promotion-research agencies pursued • efficient, transparent and responsible management ***Performance Status: Met***
Total Security of the Food System		*1,720.7*	*2,421.2*	
Health of the Environment				
Environment	Ongoing	308.5	444.5	• environmental sustainability of the industry achieved by preserving the quality and availability of resources – air, water, soil, and biodiversity – for present and future generations ***Performance Status: Met***
Total Health of the Environment		*308.5*	*444.5*	
Innovation for Growth				
Innovation and Renewal	Ongoing	664.3	511.5	• industry equipped with new business and management skills, bioproducts, knowledge-based production systems and strategies to capture opportunities and manage change ***Performance Status: Met***
Markets and International (30%)	Ongoing	33.7	34.5	• expanded international opportunities for the Canadian agriculture and food sector ***Performance Status: Met***
Rural & Co-operatives Secretariats	Ongoing	27.0	28.1	• better co-ordination of government policy responses to rural community priorities • increased capacity of co-operatives to meet the needs of Canadians • government policies, programs and services increase opportunities, mitigate barriers and enhance capacity for co-operative development ***Performance Status: Met***
Canadian Pari-Mutuel Agency	Ongoing	–	(0.9)	• enhanced capacity to manage risk in pari-mutuel betting, thereby helping to protect the betting public against fraudulent activities ***Performance Status: Met***
Total Innovation for Growth		*725.0*	*573.2*	
Total		**2,754.2**	**3,438.8**	

The figures in the above tables have been rounded to the nearest millions of dollars. Due to rounding, figures may not add to the totals shown.

Overall Departmental Performance

Operating Environment and Context

Canada's farmers, farm families and farming communities are the heart of Canadian agriculture and agri-food, and play an important role in Canada, from both an economic and social perspective. The agriculture and agri-food sector, which comprises primary agriculture, food and beverage processing, and distribution, including retail and food service outlets, accounts for approximately eight per cent of the country's Gross Domestic Product. In 2007, it generated $142.2 billion in consumer sales in Canada, exported more than $35.5 billion in agriculture and food products (including seafood), and contributed almost $7.9 billion to Canada's overall trade surplus. It employs about two million Canadians, representing one of every eight jobs in the country.

Ensuring the sector has the tools it needs to continue this contribution is key to maximizing its long-term profitability and competitiveness, while meeting growing market and consumer demands for safe food and environmental stewardship.

Production risks

Agricultural production carries inherent risk and uncertainty. There are several factors posing increasing threats to the ongoing capacity of the sector to produce, including the weather, long-term climate change, pests and disease, increased risk of pandemics affecting both animals and people, and increased competition for land and water for agriculture use.

Such threats underline the importance of focusing on biosecurity and the need to prepare for and prevent the impact of potential threats before they occur, while strengthening the capacity of the sector to respond to and recover from crises when they do.

Market and trade conditions

Canada produces far more agriculture and food products than it consumes. As a result, the agriculture and agri-food sector and the country rely heavily on export markets. Canada has traditionally found great success internationally, based on the quality and diversity of the goods it produces.

Several factors are limiting the ability of Canadian producers to compete in the global market. Competition from low-cost suppliers, coupled with more complicated and varied consumer tastes, makes meeting market demands increasingly challenging for the various segments of the value-chain.

Some factors impacting the Canadian agriculture and food sector now, and that could continue to have an impact in future years, include:

- an increasingly liberalized international trading environment;
- the ongoing impact of the strength of the Canadian dollar on traded commodities and agricultural inputs;
- increased prices for agricultural inputs such as feed, fertilizer and fuel;
- increased competition from low-cost and high-subsidy countries in bulk commodity markets, and a declining market share for some sectors in Canada;
- agricultural and other policies implemented by other countries;
- a domestic labour shortage for on-farm help;
- increased innovation and investment abroad requiring an accelerated pace of innovation for the agriculture and agri-food sector in Canada; and
- an increasing demand from domestic and international consumers for healthy and environmentally sustainable food and related products, with certification playing an increasingly important role for ensuring market access (e.g. organics).

There is a need to continue providing the tools and information necessary to encourage innovation and adaptation that enables the sector to achieve lower costs, penetrate higher-value markets and achieve

greater profitability. Given that Canada relies heavily on exports for the success of the sector, governments also need to work to ensure continued access to existing markets and to gain access to new ones.

Consumer preferences and demands

Today's consumer has greater product knowledge and easier access to a wider selection of products than at any time in history. Buyers want a greater variety of products and they expect a higher nutritional value in the products they consume. The increased interest from consumers regarding how their food is produced has raised awareness within the sector of the need to adopt common industry standards at the farm and processing levels and continues to provide opportunities for products and food produced in environmentally friendly ways. In addition, the potential for production beyond food opens new possibilities such as biofuels and industrial materials and other bioproducts.

Food safety is now a prominent consumer concern. Today's integrated markets and highly efficient supply chains mean products are rapidly and widely distributed, a boon for consumers. The downside is that any food safety flaw can have broad and quick repurcussions in the consumer market.

Increasing innovation

To excel in today's global marketplace, Canada must capitalize on its natural endowments as well as its strengths: the skills and knowledge of its people; its research and development capacity; and its strong production and regulatory systems. Segments of the sector are already competing successfully and are at the forefront of innovation, but that competitive success will need to expand to the sector as a whole.

There is a need for continuous investment in innovation in terms of adoption of new technologies, development of business skills, and understanding of market requirements to enable producers and enterprises to develop new competitive products, lower costs, penetrate new markets and achieve greater profitability. The sector also needs to focus on product differentiation and value-added opportunities, such as those associated with the bioeconomy, to build a sustainable competitive advantage.

The entire bio-economy holds great promise for Canada's agriculture and agri-food sector. The decreasing cost of biomass, advances in process technology and new production techniques that maintain yield and protect the environment, allow sustainable mining of biomass as an industrial feedstock. These innovative technologies are driving new industries in Canada that generate bio-energy and bioproducts. The agriculture and agri-food sector will be a major contributor of the biomass needed to fuel this emerging industry.

The Government of Canada's agenda

AAFC's priorities are also linked directly to the broader agenda and policy direction of the Government of Canada, including:

- Advantage Canada;
- the Federal Science and Technology Strategy;
- the Renewable Fuels Strategy; and
- the Speech from the Throne, notably the pillars *building a stronger federation*, *providing effective economic leadership* and *improving our environment*.

Shared jurisdiction

Recognizing the shared jurisdictional nature of agriculture in Canada, it is important that AAFC works closely with provincial and territorial partners to develop effective policies and programs for the sector. *Growing Forward* will involve continued collaboration among federal, provincial and territorial governments in support of shared priorities for the sector's long-term growth and competitiveness.

In addition, jurisdiction for several factors influencing the competitiveness of the sector, such as international trade and regulatory reform, lies outside of AAFC's mandate. The department works with its portfolio partners and other federal departments to ensure positive outcomes on these and related issues to support the long-term competitiveness and prosperity of the sector.

Some of the information included in this report on federal-provincial-territorial programs has been provided to AAFC by third-party delivery agents.

Overview of Performance

Strategic Outcome – Security of the Food System

A secure and sustainable agriculture and agri-food system that provides safe and reliable food to meet the needs and preferences of consumers

Program Activity – Business Risk Management

Farming in Canada requires a comprehensive and proactive approach to managing risk. Through business risk management (BRM) programming in 2007-08, AAFC, together with provincial and territorial governments and industry, worked to enhance producers' capacity to manage risk, and increase the sector's viability and profitability, contributing to the achievement of the Government of Canada's Strong Economic Growth outcome area.

Under the APF, the Government of Canada agreed to invest $1.1 billion every year for five years in BRM programs that directly assisted farmers in managing business risks, such as those posed by weather, disease and changing market conditions. BRM was based on two core programs: a margin-based program called the Canadian Agricultural Income Stabilization (CAIS) program and Production Insurance (PI). These programs were designed to work together to help producers manage the business risks associated with farming.

In 2007-08, AAFC, together with the provinces, completed the design of a new suite of BRM programs to address concerns identified by producers. Federal, provincial and territorial governments signed agreements in 2007-08 to launch the new suite of BRM programs for the 2007 program year to replace the CAIS program. The suite includes a producer account into which both governments and producers make deposits, and separate income stabilization and disaster components. In addition, federal, provincial and territorial governments are continuing to explore extending coverage under PI to livestock and additional horticulture crops.

The implementation of the Advance Payments Program in 2007-08 resulted in more money being available to farmers in the form of advances of up to $400,000, with the first $100,000 interest-free, to help offset input and crop storage costs. The department also developed recommendations on how the *Farm Improvement Marketing and Cooperatives Loan Act* could be adapted to better support beginning farmers, intergenerational farm transfers and agricultural co-operatives.

Program Activity – Food Safety and Food Quality

Canadians in general have a high degree of trust in Canada's food regulatory system and are confident that it will protect them from food borne illnesses. At the same time, consumers here and abroad are increasingly seeking more information and greater assurances about the safety, quality and nutritional value of the food they eat. Producers and exporters who can demonstrate a high-calibre food safety regime can use this to establish a competitive edge in global and domestic markets.

In 2007-08 AAFC generated new scientific knowledge through its research programs and provided support to help the agri-food industry integrate this knowledge to develop new competitive products for national and international markets, contributing to the Government of Canada's Strong Economic Growth strategic outcome. The department continued to work with its portfolio partners, such as the CFIA, and other federal organizations, provincial and territorial governments, and producers and processors, to uphold Canada's reputation for food safety, and ensure Canadians and other consumers continue to get the nutritious, high-quality food and food products for which Canada is known. The department also increased its focus on the links between agriculture, agri-food and health.

AAFC continued to work through the Canadian Food Safety and Quality Program to facilitate industry momentum in developing and implementing government-recognized food safety and food quality process control systems throughout the food continuum.

The department also worked with the CFIA to improve the safety and security of the food system through detection, monitoring and control of food hazards and to mitigate risks. It continued to play a lead role in developing scientific support and integrated management strategies to enhance quality and value, while contributing to the traceability of Canada's food products through every link of the chain.

Program Activity – Markets and International

For the sector, continued success in world markets can be further enhanced by international recognition of Canadian actions in food safety, animal and plant

health, traceability, environmental stewardship, innovation and investment in new products. Not only will this approach benefit those Canadians earning their livelihoods from agriculture and agri-food, it will further enhance the sector's important contribution to Canada's positive trade balance, for the benefit of all Canadians.

In 2007-08, the Government of Canada continued to consult with provinces and the full range of agriculture and agri-food industry stakeholders about how best to achieve Canada's agricultural trade policy objectives. The department pursued a multi-faceted trade policy agenda, including securing and enhancing market access through trade negotiations at the WTO, advancing the development and implementation of an enhanced regional and bilateral trade agenda and addressing technical market access issues.

Furthermore, AAFC continued its work to advance the implementation of traceability within the agriculture and agri-food system, in collaboration with industry, and worked closely with provinces and the industry to further integrate the Canada Brand Promise into international market development strategies and activities to advance Canada's image in key markets abroad. This work contributed to the achievement of the Government of Canada's Strong Economic Growth strategic outcome.

Program Activity – National Farm Products Council

The National Farm Products Council (NFPC) is a unique quasi-judicial regulatory agency reporting to Parliament through the minister of agriculture and agri-food.

The *Farm Products Agencies Act* provides for the creation of national marketing agencies and promotion research agencies. The NFPC supervises these agencies by ensuring that they carry on their operations in accordance with the objectives set out in the Act. These agencies are: the Canadian Egg Marketing Agency, the Canadian Turkey Marketing Agency, the Chicken Farmers of Canada, the Canadian Hatching Egg Producers and the Canadian Beef Cattle Research Market Development and Promotion Agency.

Working with the agencies it supervises, the NFPC promotes more effective marketing of farm products in interprovincial and export trade. It also provides advice to the minister of agriculture and agri-food and the government on all things relating to the establishment and operation of agencies under the Act.

In 2007-08, the NFPC continued overseeing, promoting and strengthening the activities of the five national agencies it supervises in order to ensure that the supply management system for poultry and eggs as well as the check-off system for beef work in the balanced interests of stakeholders, from producers to consumers, contributing to the achievement of the Government of Canada's Strong Economic Growth outcome area.

Strategic Outcome – Health of the Environment

An agriculture and agri-food sector that uses environmental resources in a manner that ensures their sustainability for present and future generations

Program Activity – Environment

In 2007-08, AAFC continued to work with provincial and territorial partners and industry on projects and policies designed to promote sustainable, economically viable and environmentally sound activities from the farm level and up the value chain, providing results under the Government of Canada's A Clean and Healthy Environment strategic outcome. Farmers are increasingly aware of means to promote environmental stewardship in ways that also help to drive down production costs. This work contributed to the achievement of the Government of Canada's goals on environmental sustainability of the sector and improved stewardship of soil, water, air, and biodiversity.

The department continued to support environmental farm plans and beneficial management practices through financial and technical assistance, developed a water strategy on sustainable water use in agriculture, and worked to reduce the risks due to pesticides by developing commodity specific strategies and by making available new reduced-risk minor-use products.

The department worked on innovative policy options to achieve environmental goals under the next generation of agriculture and agri-food policy, including a biofuels strategy. It also fostered greater scientific collaboration among partners, and enhanced understanding of protecting the country's bioresources.

Lastly, the environment is an essential element that underpins the Canada Brand. The strong and demonstrable environmental achievements under the APF and being continued under the next generation of agriculture and agri-food policy will help build the value and strength of the Canada Brand. This will enable industry to better position itself globally.

Strategic Outcome – Innovation for Growth

An innovative agriculture and agri-food sector that develops food and other agriculture-related products and services in order to capture opportunities in diversified and domestic global markets

Program Activity – Innovation and Renewal

Science generates knowledge on which the sector can build innovations to achieve greater job creation, profitability and competitiveness. Innovation transforms that knowledge into benefits for Canadians. It is the process by which ideas for new and improved products and services to meet Canadians' expectations are developed and commercialized in the marketplace.

Science and innovation are helping Canada become a leader in the bio-economy and application of bioproducts, assisting with new knowledge-based production systems, and developing strategies to capture opportunities and manage change.

In 2007-08, AAFC implemented and further developed its Science & Innovation Strategy by focusing science and innovation investment on national research priorities.

Traditional food and feed markets remain key to Canadian agriculture, but future success for the sector lies in more than food and food products. Significant opportunities for growth also exist for non-food products, such as biomaterials, biomedical products, biohealth products, bioenergy products, biochemicals, and biopharmaceuticals.

AAFC developed and implemented new partnership strategies with other federal departments and provincial, academic and industrial organizations for the benefit of all Canadians. These science partnerships will be promoted by the development and delivery of an outreach program. AAFC, together with its partners, also worked to develop complete innovation chains to transform scientific and technical knowledge and know-how into benefits for Canadians.

Through Renewal programming, AAFC helped foster continuous learning within the sector and helped ensure producers have access to the skills, knowledge and tools and business planning required to assess their situations, refine their goals, develop plans to capitalize on new opportunities, and increase farm profitability.

This work contributed to the achievement of the Government of Canada's An Innovative and Knowledge-Based Economy strategic outcome.

Program Activity – Markets and International

In 2007-08, AAFC continued to implement its branding strategy, designed to build on the sector's strengths and on Canada's reputation as a supplier of safe and high-quality food and food products by promoting recognition of our food safety, animal and plant health, and traceability systems and our commitment to environmental conservation. The department worked closely with the sector to implement this strategy, and develop other long-term strategies designed to bring increased market success to the sector.

The department worked to strengthen international market and development relationships, and implement international market engagement, international development and international scientific co-operation strategies, to help the sector continue to take advantage of new and existing export opportunities. This work contributed to the Government of Canada's A Prosperous Canada through Global Commerce outcome area.

Program Activity – Rural and Co-operatives Secretariats

Rural

It takes an entire network of rural communities in Canada to support a resource-based sector like agriculture; without those communities the huge contributions of the sector would be reduced. To ensure the sector remains strong, rural issues and priorities must receive due attention and consideration when policies, programs and legislation are developed.

The Canadian Rural Partnership, created in 1997, is administered by AAFC's Rural Secretariat. Through the Secretariat in 2007-08 AAFC co-ordinated a government-wide approach to rural citizen engagement in support of rural policy and program development and implementation, through partnership initiatives among federal departments and agencies, other levels of government and rural stakeholders.

Co-operatives

Co-operatives have historically been an important model for community development and one of the cornerstones of local economies across Canada. Today, with combined assets of over $225 billion and 155,000 employees, co-operatives help Canadians meet their social and economic needs in areas such as retail, banking, housing and service operatives, credit unions, and caisses populaires across the country, engaging 70,000 volunteers providing services and products to over 11 million Canadians.

In 2007-08, AAFC's Co-operatives Secretariat worked to ensure co-operatives are considered in government policies and programs. The Secretariat also provided assistance and advice to groups that want to start new co-operatives or needed help to manage existing ones.

The department's work in Rural and Co-operatives provided results under the Government of Canada's An Innovative and Knowledge-Based Economy strategic outcome.

Program Activity – Canadian Pari-Mutuel Agency

Section 204 of the Criminal Code of Canada designates the minister of agriculture and agri-food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races. This function is delivered through the Canadian Pari-Mutuel Agency (CPMA), a special operating agency within AAFC.

In 2007-08, the CPMA oversaw betting activity conducted by Canadian horse-racing associations to ensure they operated in the manner prescribed by the Pari-Mutuel Betting Supervision Regulations, and that statutory deductions and pay-out prices were calculated accurately. Through equine drug control programs, the Agency also continued to maintain an effective barrier to those who would attempt to influence the outcome of a race by administering prohibited substances to race horses. This work contributed to the achievement of the Government of Canada's An Innovative and Knowledge-Based Economy strategic outcome.

Furthermore, the Agency continued to develop proposals for modernizing the regulatory framework by which the conduct of pari-mutuel betting is supervised in Canada. Such a model will advance the key principles of improved efficiency and effectiveness, as described in the Cabinet Directive for Streamlining Regulations.

Growing Forward – A New Strategic Response

With the APF set to expire in March 2008, AAFC, its portfolio partners and provincial and territorial governments worked with stakeholders to develop *Growing Forward*, Canada's new policy framework for the agriculture, agri-food and agri-based products industry. Agreement in principle on the new framework was announced by federal, provincial and territorial agriculture ministers in June 2007, setting the stage for the signing of a federal-provincial-territorial framework agreement in 2008-09.

Growing Forward builds on the best of the APF, while also addressing the lessons learned from the previous policy framework. It builds on the ideas put forward during an extensive consultation process, including meetings held with a range of stakeholders from across Canada in May 2007 and February 2008. The *Growing Forward* vision is a profitable innovative industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians.

Our Management Priorities

AAFC conducts its operations with the accountability, transparency and oversight called for in the *Federal Accountability Act* and Action Plan and associated federal government measures. These new measures include streamlining financial management policies, strengthening access to information legislation, reforming the procurement of government contracts, strengthening auditing and accountability within departments, and ensuring a fair, economical and efficient delivery of grants and contribution programs.

AAFC is also responding to the new Management, Resources and Results Structure (MRRS), which supports a common, government-wide approach to the collection, management and reporting of financial and non-financial performance information. The MRRS provides departments with the flexibility and discretion they need to design and manage their programs in a manner that best achieves results for Canadians. Through the MRRS, management and accountability, in accordance with the Management Accountability Framework (MAF), will be reinforced at AAFC.

Through its management priorities, AAFC aimed to meet and exceed expectations under the MAF and strengthen its accountability regime for 2007-08 and beyond.

People

In the *Fourteenth Annual Report to the Prime Minister* (2007), the Clerk of the Privy Council identified Pubic Service Renewal as a government-wide focus, with emphasis on the following priorities: Human Resources (HR) Planning; Recruitment; Employee Development; and Enabling Infrastructure. These Renewal priorities are cornerstones of AAFC's human resources strategies and activities.

Over the past few years, AAFC's HR management function has evolved, and will continue to evolve, from the traditional reactive, transaction-based model to one premised on a systematic, integrated approach.

HR planning is the foundation for building and sustaining capacity. The corporate HR Plan for 2007-09 articulates the department's business goals and aims to ensure that these goals are met through proactive people management strategies.

Recruitment strategies are based on current and projected program and operational requirements. Recruiting for *careers* – not just jobs – puts the right people in the right place at the right time and ensures the department has the people capacity to deliver on its commitments. AAFC is one of the top employers of post secondary students in the Public Service. In 2007-08, the department hired 775 students; 62 students have accepted our offer of permanent employment since April 1, 2007 (exceeding our commitment of 60).

Learning and development is another area where the department has renewed its focus and investment. Learning plans, learning programs and performance management all support effective HR planning by identifying employee development needs and opportunities. AAFC is in the midst of putting in place an online performance management and learning plan system to accurately report on the number and quality of performance agreements and learning plans.

Notable improvements have been made to the department's enabling infrastructure. For instance, the introduction of Express Lane Staffing, a web-enabled portal for managers to submit staffing requests to HR, has significantly streamlined staffing processes, reducing overall time from request to offer by 50 per cent. This model is being adopted by other departments and was singled out by the Clerk as a government-wide best practice. Significant investment was also made in upgrading the department's HR information management system, to comply with new reporting requirements and improve AAFC's capability to monitor progress through clearly defined business process documentation and accountabilities. The department also introduced a new electronic pay processing system that is integrated with other HR functions and eliminates the need for paper documentation.

In 2007-08, the department introduced an Official Languages Accountability Framework titled *Embracing Official Languages – Official Languages @ AAFC is Everyone's Business*. The Framework outlines the basis and elements for managing the department's obligations under the various parts of the *Official Languages Act* and the appropriate responsibility centres within AAFC that are accountable.

The accountability framework is a priority for AAFC. It will ensure the department embraces official languages and is compliant with its obligations as set out in the *Official Languages Act* by: monitoring and reporting on accountabilities; communicating the official languages environment/landscape; focusing on our performance objectives and results; embracing official languages responsibilities; and driving cultural change.

Financial Management and Strategic Planning

AAFC improved its Financial Management, as reflected in the 2007-08 MAF assessment, in which TBS recognized the department's progress and noted sound practices are in place to support commitment control policies, transfer payment management, accounts verification and receivables management. In addition, internal reporting was identified as timely and comprehensive.

The department continues to implement the Chief Financial Officer (CFO) model. A Corporate Analysis and Attestation Unit has been created to assist the CFO in the attestation function of all funding proposals. The internal audit function has been strengthened with the implementation of an External Audit Committee. The AAFC Audit Committee meets on a quarterly basis and provides independent advice to the Deputy Minister on the department's governance, risk management practices and controls. It also provides oversight of core areas of control and accountability and advises the Deputy Minister of opportunities to strengthen capacity and performance of the department's Internal Audit function and other areas key to good governance, including values and ethics and accountability reporting.

Improvements have been made in the area of financial budgeting and forecasting. Multi-year, integrated planning and budgeting is underway which supports more longer-term, strategic decision-making. In addition, changes in governance have led to improved financial management accountability for branch heads over their respective financial resources and collectively senior management is working to ensure that resources are directed to fund departmental priorities.

In 2007-08, AAFC's integrated business plans included human resources, information management, information technology, communications and executive performance agreements and were directly aligned with the department's strategic outcomes and Program Activity Architecture. The department reviews its strategic outcomes and Program Activity Architecture annually to ensure it continues to accurately reflect the mandate and vision of the department, while continuously improving the clarity and understanding. In 2007-08, AAFC completed an approved performance measurement framework (PMF) with corresponding targets. This PMF will be updated annually to reflect changes in the department, improvements from lessons learned and current developments in the area of results-based measurement.

Internal Client Services

Over the last year, AAFC continued to support the Government of Canada's Corporate Administrative Shared Services (CASS) initiative, including working closely with Central Agencies and other early adopter departments on an initial scoping for an Information Technology (IT) system that could be shared by others; on emerging Government of Canada HR processes; on designing a Government of Canada IT configuration that met operational needs and emerging processes; and on sharing lessons learned with other early adopters and with CASS.

In addition, AAFC has been sharing its IT expertise and upgrade lessons with interested organizations outside of the early adopters. Moreover it has made transition materials available to the cluster of other departments that have implemented similar IT solutions for their HR operations.

AAFC and the HR organizations in all of these departments and others continue to work together on standardizing HR business processes under the coordination of CPSA, as well as on sharing and aligning other HR tools that are not currently available within their core IT systems. These efforts are continuing in parallel to CASS activities.

In 2007-08, the Internal Service Standards project was linked with the External Service Standard initiative to ensure cohesion, completeness, integration and useful internal service standards. AAFC continues to work to establish consistent, measurable and realistic internal service standards in consultation with its clients. Existing internal service standards are being reviewed in light of the current operating environment; and areas without service standards will be analyzed to determine the appropriate service standards. Benchmarking, process mapping and other tools will be used to establish service standards in new areas.

Following TBS policy, AAFC developed a five-year Long Term Capital Plan (LTCP), setting out the department's direction and funding plan for the management of its capital assets over the five-year period from 2005-06 to 2009-10. The LTCP allows AAFC to retain or acquire only essential assets required to deliver programs efficiently, and manage its existing asset base while making appropriate changes to it

with the resources that are available. It also provides a rationale for proposed expenditures and project approvals. The department's capital planning processes are fully integrated with the management of the programs served by the assets. Strategic priorities for capital projects are determined through consultation with program management. AAFC uses a rigorous and fully transparent annual priority ranking process.

The department is continuing to manage its new headquarters project within federal standards and in partnership with the CFIA and Public Works and Government Services Canada. Move-in will commence in 2008-09.

Information Management and Technology

Information Management (IM) and Information Technology (IT) are crucial enablers in the design and delivery of departmental programs, products and services, the support of departmental operations and decision making, and in doing business electronically with clients, stakeholders, employees and managers in a cost effective and efficient manner.

AAFC has established four strategic priorities for its IM and IT activities:

- Service to clients – Effective delivery of client-centered programs, services and information (e.g. Business Risk Management Service Delivery, National Land and Water Information Service);
- Advancing Information Management Culture – A pervasive culture for leveraging, sharing, managing information with associated competencies (e.g. data and record management);
- Enabling the Department to Function as an Enterprise – Effective support for enterprise management systems (e.g. corporate systems); and
- Management of IM & IT Assets – Sound management of information and technology assets (e.g. investment plan, business model).

In 2007-08, AAFC adopted an IM & IT strategic framework and began implementation of an integrated IM & IT business model to provide a structured, enterprise-wide approach for planning and investment. The model recognizes the value and the criticality of a modern functioning IM & IT infrastructure linking investments with departmental strategic directions and priorities. A key component of implementing the model is an enhanced governance structure where departmental assistant deputy ministers collectively make decisions on IM and IT assets.

AAFC also advanced the IM agenda by having a solid document and records management infrastructure, increasing education of the *Privacy Act*, initiating strategic discussions on managing program data, facilitating ongoing modernization and exploitation of the Internet, and implementing collaboration tools.

An IM and IT human resources strategy was also initiated to ensure skills and competencies match the work being done. An aspect of the human resource management is staff learning and development plans, with more than 90 per cent of IM and IT staff having a learning plan.

Corporate Management

The *Emergency Management Act* states that every minister is accountable to Parliament to: to i) identify the risks that are within or related to his or her area of responsibility, including those related to critical infrastructure, ii) prepare emergency management plans in respect of those risks, iii) maintain, test and implement those plans; and iv) conduct exercises and training in relation to those plans.

To this end, AAFC, with its portfolio partners, has developed the National Disaster Assistance Framework to better manage and co-ordinate the sector-wide response to emergencies.

AAFC is also working collaboratively with the agri-food industry and other federal departments and agencies on advancing the National Strategy and Action Plan for Critical Infrastructure, and on pandemic planning for the agri-food sector.

Audit and Evaluation

In 2007-08, AAFC continued to implement the 2006 Internal Audit Policy, as required by the *Federal Accountability Act*. The Deputy Minister established an AAFC audit committee; it is a full maturity model with an external chair and all external members.

A multi-year (2008-09 through 2010-11) risk-based internal audit plan was developed for review by the external audit committee in April 2008.

Also in 2007-08, four "chapter evaluations" and two program evaluations were completed and approved by the Departmental Audit and Evaluation Committee: Chapter Evaluation of Business Risk Management Programs, Chapter Evaluation of Science and Innovation, Chapter Evaluation of Food Safety and Quality, Chapter Evaluation of Environment, and evaluations of Province-based Programs and Production Insurance. The evaluations provide performance information to support development of the next generation of agriculture and agri-food policy and other strategic initiatives.

Portfolio Collaboration

AAFC, together with its Agriculture and Agri-Food (AAF) Portfolio partners, continues to take an integrated approach to addressing major issues that cross organizational responsibilities and achieving effective policy development. For example, AAFC, along with the rest of the portfolio, engaged in developing, and is now implementing, the *Growing Forward* multilateral framework.

Since 2001, AAF Portfolio co-ordination has advanced progressively, with particular emphasis on sharing information and expertise, collaborating on policy and program development and consolidating advice on cross-cutting issues. While fully respecting the individual organizations' legislated accountability requirements and mandates, these efforts have, in turn, translated into continued adoption of portfolio management best practices.

As well, AAFC, together with its portfolio partners, has continued to strengthen its approach to annual planning and reporting to realize greater coherence among the organizations, while meeting the requirements of good corporate governance, transparency and management accountability.

Client-focused Service

AAFC is committed to a client-focused approach to service delivery, and achieving measurable improvements in response to client expectations. Guided by the Integrated Service Delivery Strategy, in 2007-08 the department:

- clarified that it respects client preferences for written and/or verbal communications and provided evidence of how service standards are communicated using these channels;
- for nine programs or services client satisfaction was measured through a specific survey or through the AAFC producer survey. In one additional case a measure of client satisfaction was done during an industry session;
- took remedial actions to correct failure points regarding Common Look and Feel (CLF) 1.1. In February 2008, 30.7 per cent of failures have been resolved. AAFC has an implementation plan for CLF2; and
- in response to an extensive audit by the Office of the Commissioner of Official Languages, drafted an Action Plan proposing actions such as: an awareness campaign; an Accountability Framework that describes roles and responsibilities; and others such as the distribution of Government of Canada pocket translator to all AAFC employees; an AAFC Policy on Communications With and Services to the Public; and a presentation to AAFC's regional employees on their obligations to provide services in both official languages.

AAFC made significant progress in promoting citizen confidence in government, producing high levels of client satisfaction, demonstrating value for money to taxpayers and contributing to the achievement of public policy goals.

Service Standards

AAFC developed a strategy to implement service standards across all departmental programs which will fulfill the Government of Canada accountability requirements (including: Management Accountability Framework, Citizen Centred Service Component, *User Fees Act*, the Blue Ribbon Panel on Gs&Cs Recommendations and the forthcoming Policy on Service). Many standards can now be found on the AAFC web and results against standards are either communicated on the web or during meetings.

Client Satisfaction

AAFC developed a strategy to implement Client Satisfaction surveys based on the Common Measurement Tool (CMT) and will include all departmental programs over a three-year cycle. Implementation is targeted to begin in 2008-09. AAFC has measured client satisfaction through several means such as industry sessions, a complaint and redress mechanism and the CMT ACAAF survey and AAFC Producer survey.

Plans were also developed to incorporate Service Standards and Client Satisfaction Surveys horizontally across the department, which will provide information to guide strategic plans and future activities to enhance departmental service. In addition, results of Service Standards and Client Satisfaction Surveys are being used to inform decision-making, enhance program management and better respond to client needs.

Service Inventory & Content Management

Through the development of a Federal Provincial Territorial Service Inventory, AAFC and its partners will have access to information on programs and services through an effective, easy to use electronic repository. It is hoped that this tool will aid in ensuring that Canadians have access to all federal, provincial and territorial programs and services through a "no wrong door" approach.

Analysis of Program Activities by Strategic Outcome

Strategic Outcome – Security of the Food System

A secure and sustainable agriculture and agri-food system that provides safe and reliable food to meet the needs and preferences of consumers

A secure food system is one that is profitable and can be relied upon by consumers to provide the products they want and need. Through the Security of the Food System strategic outcome, AAFC, along with its portfolio partners the CFIA, CGC and CDC, aims to ensure Canada can continue to produce, process and distribute safe and reliable food.

Security of the Food System is based on ensuring farmers and food producers have the tools they need to manage business risks, maintaining and enhancing consumer confidence in the safety and quality of Canada's agriculture and agri-food products, and sustaining and expanding access to global markets.

To achieve results under the Security of the Food System strategic outcome in 2007-08, AAFC worked through the departmental program activities of Business Risk Management, Food Safety and Food Quality, and Markets and International. The National Farm Products Council also contributed to this strategic outcome.

Program Activity – Business Risk Management

Enhancing producers' capacity to manage risk, and increasing the sector's viability and profitability

Producers face the same business risks as others – financial, technological, market – but in addition have to deal with many potentially catastrophic risks from weather, pests and diseases. Business Risk Management (BRM) is designed to equip producers with the tools and capacity needed to manage risks and ensure viable and profitable farming operations. Governments across Canada agree that effective BRM programming is crucial to ensuring a more stable and profitable agriculture and agri-food sector. By being able to better mitigate risk, producers can focus on seeking out new opportunities to strengthen their ability to produce safe food and non-food products for Canadians and consumers around the world. This, in turn, helps improve the quality of life for all Canadians.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
1,518.9	2,285.7	2,223.6
Planned FTEs*	**Authorities**	**Actual FTEs***
947	N/A	1,168

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Enhanced producers' capacity to manage risk	Met
Increased sector viability and profitability	Met

In 2007-08, Agriculture and Agri-Food Canada measured progress against these expected results, in part, through the following indicators:

Performance Indicators	Progress in 2007-08				
Level of variability of farm income over time (Current Canadian Net Cash Income as a % of average of previous five years)	2007 113 %	2006 92 %	2005 100 %	2004 98 %	2003 90 %
Level of farm income over time (Average Canadian Net Cash Income) ($000)	2007 35.3	2006 29.3	2005 30.1	2004 28.8	2003 25.6
Level of farm capital investments over time (Average Canadian Farm Net Capital Investment) ($000)	2005 35.6	2004 35.4	2003 37.6	2002 37.8	2001 36.3

Historically, farm income varies with changing market prices and input costs, and production is often impacted by disease and weather events. Net cash income (NCI) is one measure of farm income and is defined as farm cash receipts (including program payments) less operating expenses, but excluding depreciation and change in the value of on-farm inventories.

NCI for Canadian farmers increased in 2007 to $6.22 billion after falling sharply in 2006 (see Table 1). The 2007 level was two per cent above the previous five-year average (2002-2006), which included the bovine spongiform encephalopathy (BSE) period and years of low grain prices. The target set for business risk management programming is to see net farm income be at least 80 per cent of the previous five-year average; the performance data over the 2003-07 period indicate aggregate net farm income falls within this target.

While net operating costs for producers also increased substantially, producers also experienced higher market receipts. Total market cash receipts from crop and livestock sales increased 12.3 per cent from 2006. Net operating expenses increased by 8.2 per cent in 2007 as input prices, primarily for feed and fertilizers, rose as well.

Livestock receipts increased by only 2.2 per cent, due primarily to declines in revenues from the sales of beef and hogs. Lower receipts for cattle and hog producers were also affected by large increases in operating costs. Rising grain and oilseed prices more than offset low revenues and rising costs experienced by the livestock sector, with crop receipts increasing 24.8 per cent in 2007.

Total government payments, at $4.1 billion in 2007, were 9.5 per cent below the previous five-year average, mainly due to improved prices in the grains and oilseeds sector. Payments amounted to $4.9 billion and $4.5 billion in 2005 and 2006, respectively.

However, in 2007 total federal-provincial government program payments represented 66 per cent of NCI, highlighting the important role government programs are playing in stabilizing producer income and maintaining viability of farming operations. This also allows farmers to invest with greater confidence in new technology which will improve profitability in the long run.

Table 1 – Farm Cash Receipts, Expenses and Income, Canada, 2005-2007								
	2005 $ Million	Average 2002-06 $ Million	2006 $ Million	Percent change 06/05 %	Percent change 06/02-06 %	2007 $ Million	Percent change 07/06 %	Percent change 07/02-06 %
Crop Receipts	13,463.7	14,069.0	14,561.5	8	4	18,167.7	25	29
Livestock Receipts	18,296.8	17,523.6	17,814.7	-3	2	18,199.6	2	4
Total Market Receipts	31,760.5	31,592.6	32,376.3	2	2	36,367.3	12	15
Program Payments	4,923.4	4,519.3	4,533.7	-8	0	4,090.5	-10	-9
Total Cash Receipts	36,683.9	36,111.9	36,909.9	1	2	40,457.7	10	12
Net Operating Expenses	30,498.0	30,040.1	31,650.3	4	5	34,237.2	8	14
Net Cash Income	6,185.9	6,071.8	5,259.6	-15	-13	6,220.5	18	2
Realized Net Income	1,697.4	1,641.3	771.4	-55	953	1,674.7	117	2

Source: Statistics Canada, updated estimates on May 26, 2008.

The performance data for the farm capital investment indicator shows the level of net investment remained constant over the 2001-05 period, despite major production and marketing disruptions such as severe drought and BSE (2005 is the last year of available data for farm capital investments). The suite of BRM programs was designed to help producers manage major disruptions such as these by partially off-setting the losses from the market. The fact that overall net investment remained level during these years indicates producers were generally able to continue to replace depreciated assets and invest in new technology, supporting longer-term profitability and viability.

Canadian Agricultural Income Stabilization (CAIS) program

The CAIS program was one of the government programs in place to help ensure producers had the necessary tools to effectively manage risks by protecting their farming operations from both small and large drops in income. By contributing to stabilized farm income variability, programs like CAIS (and Production Insurance, another key BRM program) helped improve the viability and profitability of the agricultural sector.

CAIS program – Actual Spending ($ millions) 2007-08	Total BRM – Actual Spending ($ millions – Net) 2007-08
$411	$2,223.6

Note: Other programs and services that contribute to the BRM program activity made up the remainder of BRM actual spending in 2007-08. More information is available in Section III of this DPR.

Payments are issued under the CAIS program when current-year farm income (production margin), including Production Insurance payments, is less than the average farm income from previous years (reference margin). As CAIS payments are based on tax information, there is a lag in program payment calculations.

In response to a recommendation in the 2007 Office of the Auditor General (OAG) report, work was carried out on the development of targets for the CAIS program. Measureable and meaningful targets were developed for the key indicators and performance data collected in 2007-08 related to the 2005 program year.

The CAIS program covers a significant portion of the agriculture industry with 56 per cent of Canadian producers (including those in the supply-managed sectors) participating in the program. This represents 79.6 per cent of total market revenues for all farms in Canada, exceeding the target of 75 per cent. Of those producers participating in the program, 45.9 per cent received CAIS payments, which contributed to raise producers' program year margin from 63.4 per cent of their reference margin to 87 per cent on average; the target was 80 per cent.

The 2007 Office of the Auditor General report also recommended that AAFC publish payment accuracy rates for the CAIS program. AAFC had established an internal accuracy target of 97 per cent and the table below outlines the department's performance against that target where it delivers the program.

The accuracy rate will also be published in annual reports on the CAIS program, and program delivery partners will be encouraged to publish their accuracy of payment rates.

Accuracy of CAIS program payments – by program year			
2003	2004	2005	2006
89.8%	93.5%	96.6%	97.5%

Production Insurance and the CAIS program combined accounted for almost 60 per cent of the $4.1 billion in total government payments made to producers in 2007. Other significant contributors to this total support were the $900-million CAIS Inventory Transition Initiative (CITI), designed to help with the transition to a new inventory valuation methodology to improve CAIS predictability and timeliness, and the $400-million Cost of Production (COP) Payment.

More details on Business Risk Management performance are available online.

Program Activity – Food Safety and Food Quality

Minimizing the risk and impact of food borne hazards on human health, increasing consumer confidence and improving the sector's ability to meet or exceed market requirements for food products

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
119.4	98.6	113.3
Planned FTEs*	**Authorities**	**Actual FTEs***
466	N/A	680

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Food Safety and Food Quality provides policy direction, along with programs, services and tools for the industry to maintain Canada's solid international reputation regarding food safety and quality. These include an on-farm food-safety program, traceability initiatives, support for quality-control systems and data-management systems, and research and technology transfer. The Canadian Food Inspection Agency is an active partner in many of these initiatives.

Expected Results	Status
Minimized risk and impact of food-borne hazards on human health through research and industry-based systems	Met While other federal departments and agencies are responsible for protecting human health, AAFC's policies, programs and services assist the sector in maximizing its long-term profitability and competitiveness, supporting research and industry-based food safety systems that provide greater assurance of food safety outcomes to buyers and markets.
Increased consumer confidence and improved ability of the sector to meet or exceed market requirements for food products	Met More sectors are ready to meet market requirements as they have developed food safety systems – 16 of the 19 eligible commodity organizations are at various stages of the four-phase approach for development of approved on-farm food safety systems. Five commodity organizations had completed the process by the end of the APF period. In addition, 13 of approximately 28 post-farm organizations are at various stages of completion. Assisting producers to adopt food safety systems through financial incentives has supported the training and start-up of implementing such systems. By reducing the up-front cost, the program assists producers in meeting government and buyer demands for verifiable food safety performance, thereby assisting them in maintaining market access and remaining competitive. Generating scientific knowledge and know-how to support the agri-food industry in developing new Canadian products helped the industry to meet consumers' expectations for high-quality and safe foods and to be competitive on national and international markets.
Increased value-added opportunities through the adoption of food safety, food quality and traceability systems	Partially met No reliable quantifiable data can be identified to determine how AAFC's work contributed to value-added opportunities for the sector; however, strong industry interest in food safety, food quality and traceability systems indicates there may be important market drivers for such systems.

In 2007-08, Agriculture and Agri-Food Canada measured progress against these expected results, in part, through the following indicators:

Performance Indicators	Progress in 2007-08
Regulatory strategy for priority livestock species animal identification is complete and costs and benefits have been identified	The regulatory strategy for animal identification for the four priority species (cattle, hogs, sheep, and poultry) was developed and is in the process of implementation through the federal-provincial-territorial Traceability Task Team and the Industry Government Advisory Committee on Traceability (IGAC). Mandatory animal identification exists for cattle, sheep and bison and the regulations to the Health of Animals Act are being revised to include mandatory identification for hogs. A poultry identification strategy was created by the poultry industry but has not yet been adopted. Costs and benefits of implementing a national traceability system within three of the priority sectors have been identified.
Livestock movement strategies drafted for priority species	Livestock movement strategies were drafted for the four major species (cattle, hogs, sheep, and poultry) and incorporated into the Industry Government Advisory Committee on Traceability Road Map for livestock traceability as directed.
Number of successfully completed projects that demonstrate traceability	Under the Canadian Food Safety Program, Systems Development (SD) – Traceability, three projects worth $480,560 were completed and three projects worth $372,060 were ongoing for a total of $852,620 in 2007-08, compared to two projects worth $697,160 completed in 2006-07. Under the Canadian Integrated Traceability Program, 17 projects totaling more than $1.3 million were completed. The program began and ended in 2007-08.
Number of Radio-Frequency Identification readers adopted by industry (higher number = more successful)	The number of Canadian Radio-Frequency Identification program applicants increased from 41 in 2006-07 to 335 in 2007-08, an increase of more than 700 per cent. AAFC re-imbursements to applicants for the purchase of radio-frequency readers increased from $41,163 in 2006-07 to $551,713 in 2007-08. The program ended Feb. 15, 2008.

Traceability is the ability to trace a product through all stages of production, processing and distribution. When fully implemented and accompanied by complementary regulatory strategies, a traceability system can enhance emergency management by facilitating rapid response and containment to limit the spread of animal and plant diseases, as well as food-borne illness, thereby reducing the economic, environmental and social impacts of a crisis. It is a key component in supporting and securing Canada's reputation as a supplier of safe and high-quality agriculture and food products.

The performance reported against the above indicators cover, in part, two key programs in the area of traceability: the Canadian Integrated Traceability Program and the Canadian Radio-Frequency Identification Reader Program (CRFID), both of which were part of AAFC's response to BSE issues. These programs assist industry program applicants with the development of traceability programs and the purchase of CRFID Readers, which are crucial to a traceability program.

Traceability

The implementation timeframe for traceability systems did not allow sufficient time for all industry and provincial government stakeholders to respond. Results for the implementation of traceability systems will be more apparent as stakeholders move beyond the planning stages and into concrete actions over the next three years. It is worth noting that the underlying premise of these traceability related initiatives is that they have been industry led and government supported.

While participation in the CRFID program increased dramatically in 2007-08, overall program uptake over the life of the program was lower than anticipated, as implementation of movement reporting as part of traceability systems has not progressed.

Performance Indicator	Progress in 2007-08
Number of successfully completed projects that enhanced Specified Risk Material (SRM) disposal capacity	While there were no successfully completed projects in 2007-08, 216 projects are underway and 135 provincial and 25 federal abattoirs facilities, as well as four Canadian facilities that have SRM rendering capabilities, are receiving funding.

The program aids the cattle and beef industry to comply with the CFIA's enhanced feed ban regulations. Funding is provided to a wide cross-section of industry to support SRM disposal and fund capital expenses to improve immediate and long-term waste disposal infrastructure requirements.

Performance Indicator	Progress in 2007-08
Number of industry-led and government-recognized on-farm food safety process control systems in the various stages (phases) of the Systems Development component	Four projects for $186,128 were approved in 2007-08, compared to 18 for $5,198,378 in 2006-07. It is important to note that these four projects built upon 57 previously approved projects. Systems Development is a four-phase, multi-year approach to food safety. Of these four projects, two (compared to five in 2006-07) were in phase two of the SD process and the other two (compared to eight in 2006-07) were in phase three. There were no projects approved for phase four in 2007-08 (compared to six in 2006-07). No association has yet completed the final stage (part 2) of the Canadian Food Inspection Agency on-farm food safety recognition process.

Funding for on-farm food safety systems has contributed to Hazard Analysis Critical Control Points (HACCP)-based food safety systems. These systems have helped maintain Canada's ability to provide safe food products that meet or exceed domestic and international market requirements.

While the total number of new approved projects decreased in 2007-08, most on-farm System Development projects are funded on a multi-year basis, resulting in expenditures of approved funding over more than one year. Many associations that wanted to participate in the on-farm food safety element had already been funded in the previous year and had moved on to implementation of their systems under the next component of the Canadian Food Safety and Quality Program.

As such, total expenditures for 23 active SD projects in 2007-08 were $2,707,038, compared to $1,867,003 for 2006-07, an increase of about 45 per cent in actual project expenditures.

It is also important to note that food safety programming is voluntary, and industry uptake is tied to market conditions and buyer requirements. Under the APF, segments of the industry were unprepared to take full advantage of food safety programming because the organizations did not have a mandate for food safety or they did not have the human resource capacity or expertise.

Performance Indicator	Progress in 2007-08
Number of organizations participating in On-Farm Implementation systems	Seven national commodity organizations were being funded under this component in 2007-08. Three new commodity organizations were approved for total funding of $4.4 million in 2007-08, compared to two organizations approved for $596,800 in 2006-07, plus an amending agreement for one organization for $1 million from 2005-06. This represents a funding increase of about 175 per cent for 2007-08.

Funding for projects under the On-Farm Implementation component of the Canadian Food Safety and Quality program helps individual producers implement their national commodity organizations' HACCP-based food safety systems, thereby strengthening the industry's ability to meet and exceed food safety marketing requirements.

Performance Indicator	Progress in 2007-08
Progress of provinces in implementation of Food Safety Initiative activities	Prince Edward Island joined the Food Safety Initiative to bring the total number of participating provinces to seven (B.C., Alberta, Saskatchewan, Manitoba, Ontario, N.S., and P.E.I.). Approved funding increased from $48.9 million in 2006-07 to $50.4 million in 2007-08.

Under the Canadian Food Safety and Quality Program, Food Safety Initiative (FSI) activities are designed to improve Canada's food safety infrastructure by increasing the industry's awareness and knowledge of food safety systems and providing assistance to implement HACCP-based food safety systems in non-federally registered processing plants. This helps strengthen the industry's ability to meet or exceed provincial food safety market requirements.

In 2007-08, all seven participating provinces took part in outreach, implementation and/or research and development activities aimed at improving the food safety infrastructure in non-federally registered processing plants. In 2006-07, six provinces were participating in FSI and were involved in outreach activities, with only three (Alberta, Manitoba and Ontario) involved in implementation.

While FSI is currently not delivered in all provinces, the remaining provinces have expressed interest and future programming will hopefully bring all provinces on board.

Performance Indicators	Progress in 2007-08
Specific performance indicators and targets were not identified in 2007-08, but performance was consistent with the expected level of productivity and, for comparison, exceeded targets for 2008-09.	
Number of scientific publications (number of peer-reviewed articles in scientific and technical literature, etc.)	361 scientific externally peer-reviewed articles in scientific journals
Co-operative research (number of signed agreements with industry partners, etc.)	Food Safety and Food Quality Science Team is involved in 357 collaborative research activities, 135 activities were A-base financed and 222 activities were supported by other sources of funds. These include new and ongoing collaborations. The generation of new knowledge along with collaborative work are keys for building innovation capacity and to support the industry needs for growth. AAFC worked closely with various partners from Canada and from other countries including 25 other government institutions, 36 associations, 51 industries and 42 universities.
Technology transfer activities (number of oral communications, posters, reports, press articles, etc.),	188 posters and 101 oral communications, 119 reports, 117 posters, 333 oral communications, 200 invited talks, 29 technical transfer activities, 23 press articles, 65 interviews, and 74 other technology transfer publications including flyers, guides, newsletters, etc.
Innovations (number of licenses, royalties, copyrights, patents, etc.)	The research activities contributed to innovation for the food sector and generated 45 Copyright/Declaration of Invention/Licence/Patents/Royalties, 29 gene sequences, 3 improved genetic materials, 104 improved systems/processes/products and 9 new varieties were registered.
Recognition and influence (number of invited presentations, prizes, awards, etc.)	The quality of the science within AAFC for the food sector is well recognized and scientists were involved in 124 editorial and review boards, with 132 participations in national and international scientific associations or expert committees; they contributed to train 117 highly qualified personnel and experts. Scientists have received 11 prizes and awards.

AAFC committed to ensuring science excellence and introduced a rigorous external peer-review and management evaluation process for all research projects submitted. The department focused its efforts on:

Building a strong science base to make available to Canadians innovative health-enhancing nutritional products: AAFC conducted research activities related to the safety and quality of food as well as nutritional and health attributes of foods produced in Canada. AAFC scientists are gaining a better understanding of how to isolate and characterize these healthy components and how to ensure that they actually impact on the body and contribute to human health. AAFC worked close to the food industry and contributed to developing new products and new processes to meet consumers' expectations for safe and healthier food.

Improving the safety and security of the food system through the development of predictive safety approaches: Research activities helped to provide sound advice to decision and policy makers, while augmenting the understanding of emerging food borne diseases. Activities include research on determining the effect of antimicrobial use in foods, alternative strategies to reduce antibiotic use in animals, improved detection and control of food borne viruses, bacteria and chemical toxicants including mycotoxins, enhanced knowledge of biochemical mechanisms and processes as they affect sensitivity to allergens and development of a comprehensive understanding of microbial interactions during food production from the farm to the plate and the impact of these interactions on the safety of food.

Developing integrated management strategies throughout the food continuum to enhance food quality and add value to products: The Food Safety and Food Quality Science program helped provide information, research and technologies in support of food safety and quality outcomes.

As a result of the external peer review and evaluation process, 16 duly approved projects were conducted to enhance human health and wellness through food, nutrition and innovative products, 44 projects to enhance the quality of food and the safety of the food system, and 11 projects to enhance security and protection of the food supply.

Security and protection of the food supply is a relatively new area for AAFC's science program. Capacity-building and the acquisition of relevant expertise are the focus at present. Three projects were received for this priority area in 2007-08. For fiscal year 2008-09, scientists will be encouraged to develop and submit new projects in the food supply security area.

Food Safety and Quality Chapter Evaluation

The Food Safety and Quality (FSQ) Chapter evaluation, conducted in July 2007 by an independent third party, noted that while case studies showed some important achievements and successes were made in individual projects funded by Food Safety and Quality, overall progress in the Chapter was limited and slowed relative to the original outcome goals and the emerging market requirements.

FSQ Chapter outcomes were determined to be overly optimistic regarding the industry's state of readiness and the time that would be required to achieve objectives. The evaluation concluded that the APF target of five years for implementation of food safety systems was too optimistic, and that 10 to 15 years would likely be required to accomplish the objectives and outcome goals.

In addition, it was determined that a voluntary approach to system implementation has limitations because associations do not have a mandate to impose the use of food safety systems by their members and do not cover all commodities. Also, some national associations are in the beginning stages of developing the necessary capacity to efficiently and effectively implement food safety systems.

An external panel has reviewed AAFC Food Safety and Quality science and overall was impressed with the quality of science being delivered.

Despite the challenges, there remains ongoing interest in the development and implementation of government recognized on-farm and post-farm HACCP-based systems. In addition, AAFC has put in place a Management Action Plan for addressing the recommendations from the FSQ Chapter evaluation. Some of these changes will be incorporated in Growing Forward, such as the allocation of funding to provinces for program delivery.

More details on Food Safety and Food Quality performance are available online.

Program Activity – Markets and International

Expanding international opportunities for the Canadian agriculture and food sector

Together with portfolio, government and industry partners, AAFC works through the Markets and International program activity to improve and secure market access and achieve a more level playing field in international markets for agriculture and agri-food products. The department promotes and defends the interests of Canadian farmers and agri-food processors in various international trade negotiations and through trade litigation, when necessary. It also monitors and seeks to influence policy developments in key countries, using tools such as trade advocacy, and agri-food specialist positions in selected embassies abroad.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
78.5	78.9	80.5
Planned FTEs*	**Authorities**	**Actual FTEs***
555	N/A	487

* Full-Time Equivalents

Note: Markets and International activities under the Security of the Food System strategic outcome accounted for 70 per cent of total Markets and International spending and FTEs in 2007-08. The remaining 30 per cent falls under the Innovation for Growth strategic outcome.

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Expanded international opportunities for the Canadian agriculture and food sector	Met

In 2007-08, Agriculture and Agri-Food Canada measured progress against these expected results, in part, through the following indicators:

Performance Indicator	Progress in 2007-08
Participation in WTO meetings and analytical leadership to negotiate and preserve favourable market access conditions for Canada's agricultural export interests	Provided analytical leadership within WTO agriculture negotiations Contributed to WTO negotiations analysis, ensuring the current draft text for modalities for the agriculture negotiations reflects Canada's key priorities and ideas Concluded WTO bilateral negotiations with Kazakhstan towards improving access for Canadian agri-food exports to that country Participated in meetings in context of the working party on Russia's accession to WTO

Canada's active participation in the world trading system is a key vehicle to addressing its market access interests. In 2007-08, AAFC managed to advance Canadian negotiating interests in the World Trade Organization (WTO) agriculture negotiations which would ultimately lead to improved market access for key export products such as beef, pork and wheat and would level the playing field through reductions in trade-distorting support and elimination of export subsidies. Canada played an important role in these negotiations in providing analytical leadership within the WTO agriculture negotiations on several complex negotiating issues.

Canada's role has been instrumental in contributing to the progress made so far at the WTO, not only from a Canadian perspective, but also from a global point of view. The current draft text for modalities for the agriculture negotiations (the blueprint for the negotiations) reflects, to a large extent, Canada's key priorities and ideas.

Performance Indicator	Progress in 2007-08
Number of initiatives where objectives were met towards prevention, minimization or resolution of international trade barriers and other irritants through trade advocacy, regional/bilateral negotiations and/or dispute resolution	14 initiatives were undertaken by AAFC that successfully prevented, minimized or resolved international trade barriers and other irritants. AAFC developed, updated and implemented advocacy and engagement strategies for key bilateral issues with the U.S.

The Government of Canada, in the Global Commerce Strategy and the 2007 Budget, committed to enhance the regional and bilateral trade negotiations agenda. Agriculture stakeholders here have pressured AAFC to initiate free-trade agreements with countries where our trading partners, especially the United States, have gained better access than Canada for their agricultural exports.

To this end, in 2007-08 Canada began negotiations with Colombia, Peru and the Dominican Republic, and also launched negotiations with CARICOM (Caribbean Community) and Jordan. Canada concluded negotiations with members of the European Free Trade Association (EFTA), comprised of Switzerland, Iceland, Liechtenstein and Norway, and Peru within the same fiscal year. Negotiations with Korea and several other partners also continued during this period.

The conclusion of the Canada Free Trade Agreement with the EFTA members in 2007-08 represented immediate benefits for Canadian exporters, with more than $5.2 million in annual duty savings for Canadian exports. In addition, the conclusion of a Canada-Peru Free Trade Agreement will result in an estimated duty savings of approximately $20.5 million annually for Canadian exporters.

The U.S. continues to be Canada's largest trading partner by far, accounting for approximately 70 per cent of Canada's agricultural trade. While the majority of Canada's trade with the U.S. is problem free, the bilateral relationship faced some challenges in 2007-08.

During the course of the year, AAFC and its team of agricultural specialists in the United States engaged the U.S. Administration, key members of Congress and other decision-makers and influencers, as part of the department's U.S. advocacy plan. AAFC developed, updated and implemented advocacy and engagement strategies, in consultation with provinces and key stakeholders, for key bilateral issues with the U.S., including post-BSE market access recovery for beef and cattle, U.S. Farm Bill, mandatory country-of-origin labeling (COOL), sugar and sugar beet thick juice, APHIS user fees and market access recovery post discovery of potato cyst nematode (PCN) and avian influenza.

Ministerial missions to the U.S. and Mexico played a key role in advancing Canada's bilateral interests and addressing issues with each of our NAFTA partners.

A Consultative Committee on Agriculture (CCA) has now been established to advance the development of Canada's bilateral relationship with Brazil, with the first meeting taking place in 2007-08. The CCA has proven to be an effective tool for engaging each of our NAFTA partners – the U.S., Mexico and Brazil.

Performance Indicator	Progress in 2007-08
Participation at international fora concerning multilateral technical trade issues	AAFC participated in an increased number of international fora in 2007-08 compared to 2006-07 concerning multilateral technical trade issues.

AAFC continued in 2007-08 to support the objectives of maintaining and expanding market access for Canadian agriculture and agri-food products.

To achieve this, AAFC delivered on its commitment to exert influence in the development and application of international trade rules, technical standards and policies governing trade in agriculture and agri-food products.

At the multilateral level, despite intensive work at the WTO, a final agreement remains elusive due to diverging interests in key areas. At the bilateral level, AAFC helped to ensure stakeholder interests were reflected in a final agreement with Peru, where results provided greater certainty that the use of the term Canadian Rye Whisky would be adequately protected in the Peruvian market.

While obstacles to concluding agreements with Colombia and South Korea were not successfully resolved, intensive work is ongoing and AAFC will continue to participate in discussions to ensure that mutually beneficial results are achieved.

Problems related to the perception and acceptance of innovative products, such as those containing genetically modified organisms (canola, corn and soy, for example) continue to pose challenges to market acceptance of some Canadian commodities in key markets. AAFC will continue to address misperceptions to ensure that international rules are science-based and applied fairly.

Although negotiation of Chapter 9 of the Agreement on Internal Trade was not successfully completed, progress was made and as a result of the options developed resolution is expected over the short term.

Performance Indicator	Progress in 2007-08
Number of new or updated, consensus-based, whole value-chain agreements leading to national standards/guidelines, assurance programs, regulations, and/or audit/enforcement provisions	7 new or updated agreements were implemented.

Trade-distorting subsidies and the emergence of low-cost producing countries are making it difficult for the Canadian agriculture and food industry to compete internationally. To maintain market share while building new markets, industry needs to find new ways to differentiate itself from the competition. Canadian products can be differentiated based on quality attributes supported by government/industry certification systems and national standards or regulations as required by buyers. Under the APF, federal, provincial and territorial governments agreed to participate in food process control systems for quality, developed or to be developed by industry and recognized by government. Consumer and buyer demand for verified quality attributes are growing in importance.

More details on Markets and International performance are available online.

Program Activity – National Farm Products Council

Working with the agencies it supervises, the National Farm Products Council (NFPC) promotes more effective marketing of farm products in interprovincial and export trade. It is also an active proponent of portfolio management by providing comprehensive advice to the minister of agriculture and agri-food and the government on all things relating to the establishment and operation of agencies under the *Farm Products Agencies Act*. The NFPC also maintains relations with provincial governments.

The NFPC also administers the *Agricultural Products Marketing Act* (APMA) on behalf of Agriculture and Agri-Food Canada.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
3.8	4.4	3.7
Planned FTEs*	**Authorities**	**Actual FTEs***
20	N/A	24

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Agency operations work in the balanced interest of all stakeholders	Met
Farm products marketed effectively	Met
Disputes resolved	Met
Industry and stakeholders informed regarding supply management	Met
Opportunities for the establishment of new promotion-research agencies pursued	Met
Efficient, transparent and responsible management	Met

In 2007-08, Agriculture and Agri-Food Canada measured progress against these expected results, in part, through the following indicators (expected results are included in the tables below for clarity):

Agency operations work in the balanced interest of all stakeholders	
Performance Indicators	**Progress in 2007-08**
Completion of a work plan to complete the process, agreed to by agencies, provincial governments and NFPC	Work plan not completed
Number of allocation policies (approval of quota order) reviewed and approved Number of requests processed	2 policies reviewed and approved 32 requests processed
Level of compliance of agency orders and regulations	100 per cent compliance with the *Statutory Instruments Act*
Continued efforts and positive progress by the agency to complete the legal framework required to implement a national levy collection system on interprovincial marketing and imports with the Canadian Beef Cattle Research, Market Development and Promotion Agency	70 per cent of provinces participating

Although a work plan was not completed in 2007-08, the Canadian Egg Marketing Agency, Canadian Turkey Marketing Agency and the Canadian Hatching Egg Producers (formerly the Canadian Broiler Hatching Egg Marketing Agency) continue to work on developing their renewed federal-provincial-territorial agreements.

National marketing agency policies and requests are stakeholder-driven. As such, their number varies from one year to the next. While the total number of requests processed may provide information, the year to year variation should not be construed as an indication of increased or decreased performance by the NFPC. As such, comparative data has not been provided for the status of performance against this indicator.

Regarding the national levy collection system, as of 2007-08 seven out of 10 provinces have signed service agreements with the Canadian Beef Cattle Research, Market Development and Promotion Agency for levy collection. Work continues with other provinces to implement the levy system.

Farm products marketed effectively	
Performance Indicators	**Progress in 2007-08**
Participation and quality of relationships with national agencies and industry associations Participation and quality of relationships with provincial government supervisory agencies	NFPC attended 27 National Marketing Agencies and industry association meetings, one conference and 17 provincial agencies meetings, as well as two NAASA meetings

Participation in these meetings and conferences in 2007-08 allowed the NFPC to develop, maintain and improve relationships with industry stakeholders, helping ensure supply-managed farm products are marketed effectively and contribute to the accomplishment of the agency's mandate. Furthermore, these events allowed agency staff to gather information on trends, issues and initiatives that have an impact on agriculture as well as supply management.

Disputes resolved	
Performance Indicators	**Progress in 2007-08**
Effectiveness of the process for managing and facilitating complaints	Active participation of NFPC members resulted in the resolution of two complaints
Feedback from parties	Parties stated they appreciated the active participation of Council members and felt it contributed to the effective resolution of complaints
Self-assessment	Informal self-assessment revealed more direct involvement by Council members is essential to effectively resolve complaints

The NFPC continued to strive toward an improved and refined dispute resolution process in 2007-08, with a view to effectively resolve issues that arise between the National Marketing Agencies and stakeholders. Gathering feedback from parties involved in disputes and conducting self-assessment of the process leads to more credible decisions by Council members.

Industry and stakeholders informed regarding supply management	
Performance Indicators	**Progress in 2007-08**
Quality of communications products and services	Produced four newsletters, one data handbook as well as an annual review. In addition, created a Factsheet outlining its role. The NFPC also restructured its website to ensure continuous compliance with Treasury Board Secretariat guidelines. At this time, performance information on the quality of products is not available. Surveys will be conducted in the future to determine performance in this area.
Number of studies and research projects undertaken externally and internally in collaboration with other departments and agencies relative to supply management, innovation and technology within the industry, discussion forums	The NFPC conducted one internal research project on supply-managed products pricing mechanisms across Canada.
Participation in AAFC working groups on the development of the next generation of agriculture and agri-food policy	Participated in 37 working groups

The various communication products produced by the NFPC in 2007-08 improved the information on supply-management available to industry stakeholders (data handbook), increased awareness of the NFPC's role and activities (factsheet, newsletters), and ensured that this information was provided in the most efficient and clear way possible (web site restructuring).

Agency staff participated in six Portfolio Regulatory Working Group meetings, 24 Portfolio Liaison Committee meetings, three Portfolio DG Committee meetings, one Portfolio Deputy Head retreat and three Portfolio Deputy Head conference calls, including the NFPC's participation in the development of the next generation of agriculture and agri-food policy.

Opportunities for the establishment of new promotion-research agencies pursued	
Performance Indicator	**Progress in 2007-08**
Number of requests for information sessions on the establishment of promotion-research agencies	Three requests generated

Promotion-research agencies created under the *Farm Products Agencies Act* are funded through a national levy paid by producers and importers of agricultural products. This levy provides a stable and predictable source of funding for these agencies to conduct research activities and increase industry knowledge about consumer preferences, as well as promote their products. These activities can lead to market expansion, increased sales, and the development of new products. Promotion-research agencies are commodity-based, accountable to producers and importers, have a stable base of funding, and promote self-reliance in the agri-food sector.

The number of requests for information sessions on the establishment of promotion-research agencies is stakeholder-driven. Therefore, the variance of information sessions requested year to year should not be construed as an indication of increased or decreased performance by the NFPC. In 2007-08, the Western Grain Research Foundation, Canadian Honey Council, and B.C. Blueberry and B.C. Raspberry Associations requested information sessions.

Efficient, transparent and responsible management	
Performance Indicators	**Progress in 2007-08**
Feedback from Council Chairperson and members on the delivery of secretariat services	87.5 per cent of council members surveyed "very satisfied"
Improved efficiency of the administrative process for orders and regulations	Reviewed administrative procedures to process agency levy orders more efficiently
Implementation of Memoranda of Understanding and Service Level Agreements with AAFC and the Department of Justice	MOUs implemented
Implementation of new policies and systems developed to meet MAF requirements	Collaborated with departmental service providers and completed service-level agreements
Self-assessment of application of sound management practices in keeping with MAF requirements	Performance agreements established for all senior managers

Council members were surveyed in 2007-08 regarding their level of satisfaction with briefing materials, logistics for meetings and processing of expense accounts; 87.5 per cent of respondents said they were "very satisfied."

In collaboration with departmental service providers, the NFPC has been an active player in the implementation of new policies and systems to comply with MAF requirements, including the completion of service-level agreements with corporate service providers to clearly highlight the responsibilities of all stakeholders.

The NFPC developed clearly defined performance agreements for all senior management, including its 2007-08 Business Plan, directly linked to transparent, efficient and responsible management practices.

Strategic Outcome – Health of the Environment

An agriculture and agri-food sector that uses environmental resources in a manner that ensures their sustainability for present and future generations

The department has committed a significant amount of resources to a suite of activities and programs aimed at enabling the agriculture and agri-food sector to maintain or increase its profitability while producing safe food and using environmental resources in a manner that ensures their sustainability for present and future generations.

Addressing environmental issues is not new to agriculture. Managing the resources – air, water, soil, biodiversity – that serve as the foundation for this economic sector is a precondition to long-term successful farming. Through its various activities, AAFC provides farmers with access to science-based information and knowledge and direct

on-farm programming that enables them to use a more systematic management approach to address environmental risks and identify suitable corrective actions that will be economically viable, even profitable, over time. These actions undertaken by AAFC have had positive and measurable results on the Canadian agricultural landscape as researched by the department's National Agri-Environmental Health Analysis and Reporting Program (NAHARP).

Through the implementation of the APF and its partnership approach with provinces and territories, AAFC has also responded to client expectations of more effective and efficient service delivery. Lessons learned from the APF are helping the department design *Growing Forward* policies and programs that further enable the sector to address environmental priorities.

To achieve results under the strategic outcome Health of the Environment in 2007-08, AAFC worked through the departmental program activity of Environment.

Program Activity – Environment

Achieving environmental sustainability of the industry by preserving the quality and availability of resources – air, water, soil, and biodiversity – for present and future generations

AAFC has a range of activities and initiatives relating to air, water, soil, and biodiversity supporting the agriculture and agri-food sector that contribute to providing Canadian and international consumers with high-quality food and fibre that has been produced using environmentally sound crop and livestock management practices. These initiatives, including research and development functions, significantly contribute towards securing the sustainability of the Canadian agriculture and agri-food sector and the quality of environmental resources for present and future generations.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
308.5	416.7	444.5
Planned FTEs*	**Authorities**	**Actual FTEs***
1,987	N/A	2,008

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Environmental sustainability of the industry achieved by preserving the quality and availability of resources – air, water, soil, and biodiversity – for present and future generations	Progress achieved Due to complexity of natural systems and the length of time required for some effects to take place, the expected results are achieved over a period of several years and cannot be measured or quantified every year. Results for the next assessment period (1981 to 2006) will be available in 2009. Environment programming supports the adoption of Beneficial Management Practices. These practices are science-based and have been proven to result in positive changes to the environment when implemented, thus contributing to progress toward the expected result.

In 2007-08, Agriculture and Agri-Food Canada measured progress against this expected result, in part, through the following indicators:

Performance Indicator	Progress in 2007-08
Environmental components included in implementation agreements signed with all provinces and territories	28 continuity agreements for environmental programming were signed with provinces and territories.

AAFC's environmental programs enable producers to set priorities for actions which address on-farm environmental concerns, as well as those which serve the public interest.

- Environmental Farm Plans (EFPs) help producers identify environmental risks and opportunities and promote the continuous growth of the stewardship ethic within the agriculture and agri-food industry.
- Incentive-based programs, including the National Farm Stewardship Program (NFSP), Greencover Canada (GC), and the National Water Supply Expansion Program (NWSEP) contribute to the adoption of on-farm beneficial management practices (BMPs) by producers in the management of land, water, air, and biodiversity.

It has been demonstrated through the Farm Environmental Management Survey under the EFP-NFSP program that producers with an EFP are:

- twice as likely (61 per cent compared to 32 per cent) to use soil testing to determine proper fertilizer application rates to meet crop needs and to reduce nutrient runoff;
- twice as likely to use soil testing and nutrient content of manure to determine manure application rates (solid and liquid manure) – reducing the risk of surface and groundwater contamination; and
- more likely to protect and maintain riparian areas.

These actions taken by producers contribute to improvements in the overall health of air, water, soil, and biodiversity resources, and are a direct result of the environmental programming offered through AAFC.

Performance Indicators	Progress in 2007-08
Targets did not exist for 2007-08, but performance was consistent with the expected level of productivity and, for comparison, exceeded targets for 2008-09.	
Number of scientific publications (number of peer-reviewed articles in scientific and technical literature, etc.)	**Environmental Performance** *Publications:* 330 external peer reviewed articles in scientific journals, 70 books or book chapters, 322 conference proceedings and abstracts, and 143 other non-peer reviewed scientific publications **Bioresource Protection** *Publications:* 90 external peer reviewed articles in scientific journals, 26 books or book chapters, 48 conference proceedings and abstracts, and 39 other non-peer reviewed scientific publications
Co-operative research (number of signed agreements with industry partners, etc).	**Environmental Performance** *Cooperative research:* 57 signed cooperative research agreements with industry partners **Bioresource Protection** *Cooperative research:* 1 signed cooperative research agreement with industry partners
Technology transfer activities (number of oral communications, posters, reports, press articles, etc.)	**Environmental Performance** *Technology transfer:* 119 reports, 117 posters, 333 oral communications, 200 invited talks, 29 technical transfer activities, 23 press articles, 65 interviews, and 74 other technology transfer publications including flyers, guides, and newsletters **Bioresource Protection** Technology transfer: 25 reports, 26 posters, 29 oral communications, 25 invited talks, 18 technical transfer activities, 14 interviews, and 32 other technology transfer publications including flyers, guides, and newsletters
Innovations (number of licenses, royalties, copyrights, patents, etc.)	**Environmental Performance** *Innovations:* 2 licenses, 4 patents, and 194 improved designs, processes, products and systems **Bioresource Protection** Innovations: 1 copyright and 24 improved designs, processes, genetic material and systems
Recognition and influence (number of invited presentations, prizes, awards, etc.)	**Environmental Performance** *Recognition and influence:* 30 awards, 108 international invitations, and 117 regional or national invitations **Bioresource Protection** *Recognition and influence:* 7 awards, 32 international invitations, and 27 regional or national invitations

The performance indicators for environmental health research activities include scientific publications, technology transfer, co-operative research, innovations and recognition. These performance indicators contribute to a long-term continuum that goes from innovation and discovery, to the development of new technologies, to implementing Beneficial Management Practices (BMPs) at the farm level, to adoption of these technologies by the sector, to performance measurement and reporting, and ultimately to policy and program analysis and development in an effort to improve environmental sustainability and preserve Canadian resources (air, water, land, and biodiversity).

The expected results specific to the Environmental Health Science program are:

- new knowledge and improved understanding by the scientific community of the interactions and impact of agricultural practices on the environment (soil, water, air, and biodiversity);
- enhanced understanding by the agri-food sector of new and improved BMPs; and
- advanced knowledge of the identity and the behaviour of biological resources leading to increased awareness and understanding of the need and means for bioresource protection by the scientific community and the agri-food sector.

Progress towards these results was achieved through research conducted under two priorities outlined in AAFC's Science and Innovation Strategy: *Enhancing Environmental Performance of the Canadian Agricultural System and Enhancing Understanding of Canadian Bioresources and Protection and Conserving their Genetic Diversity*. In 2007-08, 74 research projects were initiated after being selected through a stringent evaluation process, including an external peer review to ensure science excellence and a management evaluation to ensure alignment with the priorities of the department and the Government of Canada.

Performance Indicators	Progress in 2007-08
Completion of the National Land and Water Information Service project – Phase 2: Establish Geospatial Environment	Phase 2 was completed in October 2007
Implementation of the National Land and Water Information Service project – Phase 3: National Source for Agri-Environmental Geospatial Information	Phase 3 implementation was on-going through 2007-08 and was combined with Phase 4 (Partner Information Integration) to make better use of overlapping project requirements

Through the completion of the Phase 2 Geospatial Environment component and the ongoing work of Phase 3 and 4, 41 AAFC GIS users now have access to hundreds of AAFC and partner datasets that are now aligned to the new NLWIS technical platform, as well as to accepted national standards for data.

AAFC GIS users and the Canadian public also now have access to increasing amounts of accurate, authoritative data through our partnerships and collaboration successes.

Phase 3 and Phase 4 were combined in a decision made in June 2007 by the NLWIS Major Crown Project Senior Advisory Committee to increase the efficiency of the ongoing building of applications and tools on the technical GIS platform.

NLWIS Audits

Internal and external audits and reviews have given the project the opportunity to realize its full investment by making improvements in the areas of: promoting a shared vision, clear outcomes and best practices for business requirements management; strengthened governance with well defined roles and responsibilities and supporting processes; and rigorous project management including calculating and reporting monthly earned value.

Performance Indicators	Progress in 2007-08
Number of minor use and reduced risk pesticide regulatory submissions made to Health Canada's *Pest Management Regulatory Agency*	45 minor use pesticide projects completed and submitted to PMRA in 2007-08 (Target: 40)
Number of crop profiles, risk reduction strategies, research projects and new products, practices or technologies that can be utilized by growers	More than 50 new uses on 32 different crops 7 crop profiles updated (Target: 10 – less emphasis was placed on profiles in favour of higher priority strategy work) Continued development of 5 risk reduction strategies (Target: 5); and development of transition strategies in collaboration with PMRA for two pesticides to be withdrawn from the marketplace (Extra activity) Management of 79 projects (including 40 new projects for 2007-08) with 95 per cent (75 of 79) on target and meeting milestones as of March 2008 4 data packages to support registration of biopesticides submitted (Target: 3); and initiation of work on 3 key pest issues for which no current controls are known (Extra activity)

In 2007-08, Canadian growers benefited from improved access to new and effective pest management tools and technologies to protect their investment in the field.

The Pest Management Centre's (PMC) activities are grower-oriented, supporting the introduction of new uses of crop protection products, and focusing on tools which provide a reduced risk to human health and the environment. By improving grower access to these crop protection tools and approaches, the PMC helps Canadian growers respond to the realities of international markets, enabling access to products available to their competitors, and enhancing the competitiveness of the sector globally. At the same time, the activities of the PMC help to provide the tools necessary to adopt more environmentally sustainable pest management practices, thus meeting the expectations of Canadians, and contributing to AAFC's expected result of improved sustainability of the industry by preserving the quality and availability of resources – air, water, soil, and biodiversity.

Performance Indicators	Progress in 2007-08
Governance structure for AAFC water-related activities is operational	Governance structure for AAFC water related activities is operational with a Water Steering Committee and a Water Integration Group
Integrated Water Resource Management partnership developed with Manitoba and Environment Canada as a pilot	A partnership has been developed with Environment Canada in Manitoba and in Saskatchewan with respect to furthering Integrated Water Resource Management. The Manitoba work is focused on Lake Winnipeg, while the Saskatchewan efforts are more generally focused on governance
AAFC becomes significant contributor in federal water policy discussions	AAFC has become a significant contributor to work underway under the auspices of the new ADM Water Policy Committee. AAFC helped develop priorities for action, and will assume a leadership role in the four priority areas for federal action

As a result of progress made in 2007-08, AAFC is now better positioned to address sustainability issues for the agricultural sector related to water, and to demonstrate the department's role to others. Given the complexities of water governance in Canada, clients appreciate the clarity that AAFC has provided regarding its efforts. For example, the AAFC Strategic Water Framework has provided guidance to the horticulture sector, through the Horticulture Value Chain Round Table, in developing its own water strategy.

Water is fundamentally critical to agricultural production, and AAFC's *Strategic Water Framework* has allowed the department to demonstrate initiative and leadership with respect to the need to better adapt to climate change and the related water cycle impacts. The framework has resulted in better co-ordination and direction of water related activities in the department, and improved communication to serve the sector more effectively. It has provided for effective input into the water aspects of *Growing Forward*, and prepared the department to be a more significant player in federal water policy development. AAFC's governance structure has been used to coordinate its input into recent federal multi-department water policy discussions and address water related inquiries from clients.

Performance Indicator	Progress in 2007-08
Number of reviewed (i.e. completed) Environmental Farm Plans or Equivalent Agri-Environment Plans	56,700 reviewed Environmental Farm Plans/Equivalent Agri-Environmental Plans have been completed under the APF to date, covering 25 per cent of all farms across Canada and approximately 34 per cent of the agricultural landscape. This represents an increase of 11,100 plans from 2006-07 (45,600)

Environmental Farm Planning (EFP) encourages producers to develop farm plans that identify environmental risks and benefits from their farming operations, and develop an action plan to mitigate the risks.

The process allows producers to set priorities for actions which address on-farm environmental concerns, as well as those which serve the public interest. Producers with a reviewed individual or group EFP are eligible to apply to the National Farm Stewardship Program (NFSP) for technical and financial assistance to implement beneficial management practices (BMPs) identified in their action plan.

The NFSP supports EFPs and the increased knowledge and adoption of on-farm BMPs by producers in the management of land, water, air, and biodiversity.

More details on Environment performance are available online.

Strategic Outcome – Innovation for Growth

An innovative agriculture and agri-food sector that develops food and other agriculture-related products and services in order to capture opportunities in diversified and global markets

Increasingly rapid advances in science and technology mean producers and other agriculture and agri-food sector stakeholders face greater challenges to keep pace. For all players in the sector, operating in the marketplace today requires advanced technology and the latest knowledge to address rapidly changing consumer needs and expectations.

And as farming operations become larger and more complex, both new and established producers need to add to their skills and knowledge, ranging from managing financial and human resources to mastering innovative technologies, products and practices to stay competitive. By acquiring additional skills, adopting new technologies, maximizing efficiencies in operations, or changing product mixes, those who earn their livelihood from Canadian agriculture and agri-food will continue to be profitable and successful.

To achieve results under the Innovation for Growth strategic outcome in 2007-08, AAFC worked through the departmental program activities of Innovation and Renewal and Markets and International. The Rural Secretariat, Co-operatives Secretariat and Canadian Pari-Mutuel Agency also contributed to this strategic outcome.

Program Activity - Innovation and Renewal

Equipping the industry with new business and management skills, bioproducts, knowledge-based production systems, and strategies to capture opportunities and manage change

Planned Spending ($ millions) - Net	Authorities ($ millions) - Net	Actual Spending ($ millions) - Net
664.3	589.1	511.5
Planned FTEs*	**Authorities**	**Actual FTEs***
2,113	N/A	1,934

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Industry equipped with new business and management skills, bioproducts, knowledge-based production systems and strategies to capture opportunities and manage change	Met

In 2007-08, Agriculture and Agri-Food Canada measured progress against this expected result, in part, through the following indicators:

Performance Indicators	Progress in 2007-08
Funded sector-led projects to implement alternative value-added strategies for existing commodities and new products and markets	Provided a total of $8.8 million to 12 commodity associations to help develop and implement new value-added strategies and plans to increase profitability for Canadian producers, processors and other members along the value chain This reflects an increase over the 2006-07 fiscal year, during which a total of $5 million was provided to 10 commodity associations to help develop and implement new value-added strategies and plans to increase profitability for Canadian producers, processors and other members along the value chain Under the Advancing Canadian Agriculture and Agri-Food (ACAAF) program, provided funding for industry-led projects designed to capture value-added and new opportunities by seeking innovative and timely solutions to changing market and consumer demands, and facilitated technology transfer not currently in the marketplace by supporting a range of pre-commercialization activities to help apply knowledge generated through research
Improved collaboration along value chains to identify risks, opportunities and new markets	Provided a total of $10 million to 14 recipients to improve collaboration along value chains through innovation networks, workshops and forums that identified risks, opportunities and new markets to increase profitability of the sector. This is a moderate increase from the $5 million provided to 13 recipients in 2006-07 for collaboration activities held during that year
Funded support for the development and start-up costs for centres of innovation and/or incubators or business mentoring	Provided $1.847 million to accelerate commercial success of bio-based businesses; 44 business-mentoring opportunities with private Canadian companies were initiated, resulting in six companies successfully launching new bio-based products This is an increase from 2006-07 where a total of $0.33 million was provided to recipients to accelerate commercial success of bio-based businesses

The performance indicators above measure the effectiveness of two programs implemented under APF: the Agri-Innovation Program and the Broker Program. The objectives of these programs are:

- to accelerate the rate of identification, assessment, development and adoption of innovation-based products, thereby providing new commercialization opportunities for the agri-food sector; and
- to create and support "broker" organizations and activities working among the agricultural sector, industry, government and universities to identify new strategic innovation opportunities.

In 2007-08, these programs enabled the sector to effectively position its enterprises to respond to emerging challenges, technologies and new market opportunities.

Performance Indicator	Progress in 2007-08
Science and Innovation Strategy research implemented	254 multi-year research projects were submitted for approval in 2007-08, of which 233 were approved and initiated. Of these, 74 are reported under the Environment Program Activity and 71 under the Food Safety and Food Quality program activity. This was the first round conducted under the new Science and Innovation Strategy, and long-term existing projects and new projects were submitted and evaluated against the strategic goals.

AAFC's Science and Innovation Strategy was announced by the minister of agriculture and agri-food in 2006. It identified seven strategic goals for the effective delivery of science and seven national science priorities. These priorities are designed to build a competitive edge for the agriculture and agri-food sector and help it capture the significant growth opportunities that exist for non-food products in the bioeconomy.

Implementation of the strategy focused on ensuring excellence in research and aligning research activities and resources with the national science priorities. The projects reported under this Performance Indicator relate to programs that align with these science priorities.

Research areas under the Sustainable Production Systems program in 2007-08 included: the development of varieties of economically important crops adapted to a changing climate and resistant to diseases and pests; the identification and mitigation of threats with the potential to cause catastrophic losses to crop production; and the reduction of input costs in crop and livestock production through reduced usage of chemicals, energy and labour.

Research areas under the Opportunities from Bioresources program in 2007-08 included: geographic information system (GIS) inventory of agricultural and forestry materials (e.g. straw, manure, grain, mill residues, etc.) for conversion to valuable industrial products and novel food ingredients (e.g. functional foods, bioplastics, biofuels, chemicals, etc.); processes and technologies required to convert biomass into valued products; the identification of genes in agricultural raw materials (crops, animals, soil microbes) that code for useful traits with potential high market value; in co-operation with conversion technology providers, production systems for extracting maximum value from agricultural biomass; and sustainability analysis of production and conversion systems to evaluate the effectiveness of bio-based products systems when the products are used as replacements for non-renewable equivalents.

To ensure excellence in science and alignment with the seven priorities of the department and the Government of Canada, all of the projects referred to underwent a rigorous evaluation process consisting of an external peer review and a management evaluation.

More information on the Science and Innovation Strategy is available online.

Performance Indicators	Progress in 2007-08
Number of domestic and world agri-food research opportunities created	AAFC negotiated 496 research agreements, of which 352 were with Canadian collaborators and 144 were with international collaborators
Increased contribution of bioproducts and value-added agricultural products by agriculture	Results from AAFC research in bioproducts and bioprocesses resulted in the filing of eight patents and five licences (up from one in 2006-07). Protection costs were reduced by 15 per cent compared with the previous year, and the patent portfolio was cut by 7 per cent due to a value-based approach to patent retention decisions. Through the ACAAF program, provided assistance to help industry exploit emerging opportunities in the bioeconomy, including projects that support biotechnology, bioproducts, functional foods and nutraceuticals.

Collaborative projects in 2007-08 increased value for research investments by focusing efforts on industry-led opportunities. In addition, funding of collaborative projects increased research capacity to exploit Canada's natural advantage in biomass by allowing combined efforts of public and private research to explore new economic opportunities.

The systems approach and the broader sustainability criteria adapted to opportunities within this area should ensure that Canada is poised to exploit its biomass resources, water, air, and soil within a defensible, sustainable framework. This framework is anticipated to be essential to prevent non-tariff trade action while maximizing industry opportunities to capture greenhouse gas credits.

Performance Indicators	Progress in 2007-08
Number of biofuels facilities	Three biofuels facilities were approved for a total of $9.6 million in funding under ecoABC.
Value of producers' investments in biofuels facilities	$21,887,305 was invested in biofuels facilities.

The Government of Canada is committed to supporting a strong domestic renewable fuels industry by implementing an integrated federal renewable fuels strategy with four key elements:

1) a regulation to establish demand;

2) programs to support farmer participation in the industry;

3) a production incentive to stimulate domestic production; and

4) programs to accelerate the commercialisation of next-generation technologies.

As part of this strategy, the ecoAgriculture Biofuel Capital Initiative (ecoABC) is increasing farmer participation in the biofuels industry and contributing to the government's biofuels content target in transportation fuels. ecoABC provides repayable contributions to facilities that produce renewable fuels if they have a minimum percentage of farmer investment.

During 2007-08, three projects were approved under ecoABC for a total new production capacity of 194,250,000 litres of biofuel per year. Total producer investment was nearly $22 million, with 469 farmers investing in the projects. The ecoABC contribution was approximately $9.6 million, with other governments or federal departments contributing an additional $29 million.

Producers benefit from investments in biofuels facilities in several ways: their investment diversifies their sources of income; as part owners of biofuels facilities they move up the value chain from their position of primary producer, thus extracting more income from their product; and as owners they can have a direct influence on the location of biofuels facilities. Locating such facilities in rural areas broadens the economic base of those areas and stimulates local business. A new market for primary agricultural products means greater diversity of income and thus greater levels of resilience among producers. More diversified skill sets in the industry ensure greater adaptive capacity which also contributes to greater resilience.

Performance Indicator	Progress in 2007-08
Number of biofuels pilot projects funded with successful results and targets met	BOPI, which ended March 31, 2008, provided funding for 42 projects approved in 2007-08 (121 projects over the life of the program). Projects were not required to end by March 31, 2008. As a result many projects have not yet been completed and project outcomes are not yet available. Based on application activity, the initiative has met the demand for this type of support and is producing the needed business plans and feasibility studies.

The Government of Canada has developed the four point Renewable Fuels Strategy to support a national biofuel industry that is competitive and sustainable in the global context. Within the strategy, the Biofuels Opportunities for Producers Initiative (BOPI) provides agricultural producers with an opportunity to participate in the emerging biofuels industry and allows them to potentially capture an opportunity early in the development of a facility.

Projects funded through BOPI help producers capture the information that is required to determine whether or not it is prudent to continue to pursue opportunities in the bio-economy.

Performance Indicator	Progress in 2007-08
Number of research agreements between AAFC and industry	OIPC negotiated 496 agreements with research partners. This represents a slight increase from 490 agreements in 2006-07, indicating continued industry interest in the research undertaken by AAFC.

Collaborative research activity with industry partners (including privately and publicly owned, as well as small- and medium-sized enterprises and large enterprises) represents approximately half of AAFC's science collaborations. The knowledge generated through these collaborations is transformed into licensed technologies.

In 2007-08, AAFC licensed 41 technologies, of which 29 were crop varieties, generating royalty revenue of $4.5 million. This amount has remained stable over the past five years, but as commercial activities related to technology promotion increase, licences and licence revenue are expected to rise.

AAFC has a portfolio of approximately 180 patent technologies. Patent filings in 2007-08 decreased 28 per cent from the previous year, due to financial pressures and the cost associated with patent filings.

Performance Indicator	Progress in 2007-08
Level and use of Renewal programs	8,086 producers applied to Farm Business Assessment in 2007-08 with 6,150 of these applications coming from participants in the Canadian Farm Families Options Program (compared to 5,005 applicants in 2006-07). The Options clients had to meet a Renewal cross compliance requirement (participation in FBA, CASS or equivalent service) to be eligible for a year two income support payment. This increased uptake for Renewal programs in 2007-08. 643 producers applied to the SBPS in 2007-08 (compared to 605 applications in 2006-07). 28 producers applied to the PAVE in 2007-08 (compared to 45 applications in 2006-07). 4,638 producers applied to CASS in 2007-08 (compared to 6,660 applications in 2006-07). 2,951 of these were from participants in the Canadian Farm Families Options Program who needed to participate in a Renewal program to qualify for a year two income support payment. For Advisory Services, of the 8,757 applications received for the three services (FBA, SBPS, PAVE) in 2007-08, 8,709 were approved. For CASS, of the 4,638 applications received in 2007-08, 4,532 applications were approved. $64.1 million was spent by Renewal in 2007-08, significantly above the $27.9 million spent in 2006-07, largely due to the demand from Options participants and also due to the approaching program end-date of March 2008. Clients knew that they should not delay their training activities; this put extra pressure on funding.

Renewal programming helps individual farmers and farm families meet their financial goals by providing them with business information, advice and training. This helps them become more innovative, adopt best practices to improve their competitiveness, and adapt to changing market circumstances.

These programs strengthened the sector's capacity for profitability by: assessing financial costs and returns, refining goals, and identifying strategies to control costs and improve market returns; encouraging innovation by providing information on capturing opportunities from science; and helping the sector respond to emerging challenges and opportunities through training and specialized business planning.

Farmers able to meet their financial goals through improved profitability are more likely to be in a position to contribute to an innovative, adaptable and competitive sector.

More details on Innovation and Renewal performance are available online.

Program Activity - Markets and International

Expanding international opportunities for the Canadian agriculture and agri-food sector

Through its international strategy, AAFC aims to use improvements in food quality, safety and environmental sustainability to maximize global sales for Canadian producers and processors. This strategy is based on certain key principles: leveraging domestic program development to maximize international reputation and market access; linking all research and analytical work to create a comprehensive understanding of market opportunities and challenges; engaging industry continuously and through new relationships to ensure maximum effectiveness of programming; and working closely with portfolio partners, other government departments and provinces and territories to ensure international approaches are cohesive and effective.

Planned Spending ($ millions) - Net	Authorities ($ millions) - Net	Actual Spending ($ millions) - Net
33.7	33.8	34.5
Planned FTEs*	**Authorities**	**Actual FTEs***
238	N/A	209

* Full-Time Equivalents

Note: Markets and International activities under the Innovation for Growth strategic outcome accounted for 30 per cent of total Markets and International spending and FTEs in 2007-08. The remaining 70 per cent falls under the Security of the Food System strategic outcome.

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

The strategic objectives of the international component are two-fold: to achieve greater recognition, at home and abroad, of Canada's capacity to meet the demands for quality in a rapidly changing and highly segmented global market; and to expand the agriculture and agri-food sector's access to foreign markets.

Expected Results	Status
Expanded international opportunities for the Canadian agriculture and food sector	Met

In 2007-08, AAFC measured progress toward this expected result, in part, through the following indicators:

Performance Indicator	Progress in 2007-08
Change in international market share of Canadian agriculture and food exports	The international market share of Canadian agriculture and agri-food (including seafood) exports stabilized at 3.5 per cent of world exports in 2006 and 2007 (the latest years for which data is available). The value of Canadian agriculture and agri-food exports (including seafood) increased from $32.1 billion to $35.5 billion. The number of markets where Canadian agriculture and food exports were valued at more than $50 million increased to 47 in 2007-08, from 43 in 2006-07. Canada's ranking relative to other countries on a value of exports basis remained unchanged at 4th in the world, behind Brazil, the U.S. and the EU.

Canada enjoyed continued success in international markets in 2007-08 based on the safety, quality and predictability of the country's agriculture and food products. In 2007-08:

- products were exported to 195 countries, a nine per cent increase since 2002;
- the value of agri-food trade exceeded $50 million in 47 countries, and $100 million in 40 countries;
- the number of agriculture and food products exported with harmonized system codes of a value of $50 million or greater (an indicator of the wide range of products exported by Canada) increased from 92 to 100 since 2005; and
- the agri-food and seafood trade surplus accounted for $7.9 billion, or 18 per cent, of Canada's overall trade surplus (2007 calendar year).

Performance Indicators	Progress in 2007-08
Number of communications and marketing tools developed to facilitate integration of branding strategy into stakeholder planning and activities	53 communications and marketing products were developed in 2007-08, an increase from 40 in 2006-07
Number of projects completed to facilitate integration of branding strategy into stakeholder planning and activities	42 projects and outreach meetings supported brand integration. These ranged from work with individual sectors to develop sectoral brands, to outreach with provinces, companies and associations
Number of outreach meetings held and usage agreements signed to facilitate integration of branding strategy into stakeholder planning and activities	71 new stakeholders signed usage agreements in 2007-08. In addition, AAFC helped broker the first co-branding agreement between the Canadian Soybean Exporters Association and a Malaysian soy milk company

The Canada Brand for food and agriculture products is designed to leverage the existing strong image of Canada abroad and link it with the products the sector sells. This differentiates those products in an increasingly competitive global market and contributes to industry success.

Research with consumers and buyers in key international markets provides significant support to industry marketing efforts. It helps to understand the demands of buyers, the predisposition of consumers, the types of information that helps sell the products and the market segments most likely to buy Canadian products. The outreach projects to integrate the brand help industry understand the goals of the brand, how they can leverage the available tools and research, and how the brand architecture can help inform their business strategies.

Performance Indicators	Progress in 2007-08
Industry satisfaction with value chain roundtable (VCRT) meetings	Participation at VCRT meetings in 2007-08 was 85 to 90 per cent. Considering industry contributes 50 per cent of related travel and accommodation costs to attend VCRT meetings, this level of participation is a good indicator of the importance industry attaches to the work of the VCRTs
Number of research projects completed in conjunction with industry to support strategic development	15, including 10 studies that resulted in more informed positions in support of sector competitiveness

Value Chain Roundtables engage more than 180 senior industry representatives of Canadian agri-business with many others participating on more than 30 working groups and issue teams. It is the co-operation among all stakeholders that enabled the following achievements in 2007-08:

- industry-led VCRT recommendations were instrumental to the harmonization of pesticide regulation as well as contributing to other regulatory (e.g. organic standards), policy, and program areas;
- VCRTs have adopted a strategic framework with clearly defined objectives that will capitalize on innovation initiatives within AAFC;
- international consumer and buyer research and benchmarking studies have supported new industry strategies resulting in increased exports;
- VCRTs engaged government departments and agencies at the roundtable and working group levels including: Health Canada, Department of Fisheries and Oceans, the Canadian Food Inspection Agency, Department of Human Resources and Social Development, Transport Canada, and Industry Canada. This two-way communication on a range of regulatory, program and strategic investment subjects helped roundtable members better understand government positions and decision making processes, while communicating industry priorities directly;
- VCRT input contributed to the design of Canada's enhanced feedban to control BSE; and
- VCRT policy priorities have contributed to the development of the national *Growing Forward* policy.

Performance Indicator	Progress in 2007-08
Number of joint activities carried out to promote Canada as a leader in the development of advanced food technologies and agri-related biotechnologies	78 joint activities were carried out, compared to 64 in 2006-07

In 2007-08, joint promotional efforts with industry were an important factor in fostering growth and innovation in Canadian functional foods and natural health products as they:

- helped disseminate knowledge and expertise;
- increased awareness of the Canadian sector and Canadian science capabilities;
- facilitated industry collaboration; and
- ensured the collection and analysis of market opportunities.

In addition, joint activities with key partners, DFAIT and the provinces helped promote Canada as a leader in advanced food technologies and agri-related biotechnologies. In 2007, AAFC's Investment Secretariat addressed more than 200 different companies and potential investment partners from around the world.

Performance Indicators	Progress in 2007-08
Key markets identify Canada as a preferential North American supplier of ruminants and ruminant products	In 2007-08 Canada gained access in key markets for beef exports (Indonesia, Taiwan and the U.S.) and for certain live cattle exports (Russia, the U.S., Mexico, and Barbados).
Key markets (Korea/Taiwan) previously closed to Canada but open to the U.S. become open	Korea and Taiwan were identified as target markets that were open to U.S. beef exports, but closed to Canadian beef exports. In 2007-08 the Taiwanese market opened to under-30-month boneless beef from Canada; however the Korean market remained closed.
Expansion of range of products eligible for export (SRM-free tallow to China, SRM-free MBM to Indonesia, over 30 month beef, under 30 month and over 30 month bone-in beef, live cattle)	The range of products eligible for export was expanded to include Croatia, Russia, Philippines, Indonesia, and Taiwan.

In 2007-08, AAFC worked to leverage the Specified Risk Material feed ban into market access for ruminants and ruminant products.

Following Taiwan's lifting of its ban on Canadian boneless under-30-month beef in June 2007, Canada exported approximately $2 million in beef products to the country between June and December 2007.

Total export values for ruminant and ruminant products to Taiwan increased significantly to $4.1 million in 2007-08, from $208,000 in 2006-07, while export values for ruminant and ruminant products to Korea increased slightly to $2.243 million in 2007-08, from $2.23 million in 2006-07.

In addition, Croatia issued an export certificate allowing live Canadian cattle to be exported to the country, the Philippines granted access for a full range of beef products according to standards from the World Organization for Animal Health, and Indonesia granted access to semen and meat and bone meal which is derived from materials from which SRM has been removed.

Canada secured access to the U.S. for older cattle born after March 31, 1999, and beef from older cattle, with the implementation of the BSE Second Rule on November 19. The U.S. Ranchers Cattlemen Legal Fund continues to challenge the implementation of this rule, and AAFC led the GOC's amicus submission to the U.S. district court.

Canada also secured access to Mexico for breeding stock in February 2008.

Performance Indicator	Progress in 2007-08
Market development strategies in place for each commodity sector group in AAFC	Market development strategies were put in place for most commodity sector groups. The development of the following strategies is currently in progress: - in consultation with industry stakeholders, a strategy that supports the growth and prosperity of the food industry. During 2007-08, background analysis was updated to reflect current challenges and opportunities facing the sector, consultations were initiated, and potential departmental responses and actions were developed. A food industry competitiveness roundtable will be convened by AAFC in 2008-09 to continue work on this strategy guided by the strategic direction established in Growing Forward; and - a branding architecture for Canadian organic products is nearing completion (priority markets have been identified and a comprehensive market development strategy for Europe and the U.S. is being developed).

Market development strategies were put in place for sectors including blueberries, special crops (pulse, mustard, sunflower and canary seed, and hemp), canola, flax, and wheat. A branding architecture for Canadian organic products was developed to help the sector grab a bigger share of the European and U.S. markets.

AAFC views the development and implementation of market development strategies as a joint industry-government responsibility. Thus, progress in this area is a product of intense co-operation between industry and government that has resulted in highly strategic, sustainable market development strategies for various sectors.

More details on Markets and International performance are available online.

Program Activity – Rural and Co-operatives Secretariats

Under the Rural and Co-operatives program activity, the Rural Secretariat co-ordinates a government-wide approach to rural citizen engagement in support of rural policies and programs, while the Co-operatives Secretariat works across government to promote a better understanding of the co-operative model of enterprise and to ensure policies and programs are inclusive of co-operatives.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
27.0	31.3	28.1
Planned FTEs*	**Authorities**	**Actual FTEs***
173	N/A	133

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Rural Secretariat

Expected Results	Status
Better co-ordination of government policy responses to rural community priorities	Met

In 2007-08, AAFC measured progress toward this expected result, in part, through the following indicators:

Performance Indicators	Progress in 2007-08
Number of interdepartmental activities in one fiscal year	Led three inter-departmental activities: – Establishment of a Resource-based Community Working Group with DFO and NRCan; – Inclusion of "regionalization" and "welcoming communities" as priority study areas for immigration projects undertaken by and with Metropolis and ACOA, DEC and FedNor; and – National report on Canadian rural development activities and progress for the United Nations Commission on Sustainable Development (UNCSD) http://www.un.org/esa/agenda21/natlinfo/countr/canada/ruraldevelopment.pdf The Rural Development Network (RDN), involving members from 29 departments, held 18 interdepartmental activities
Number of partnership arrangements with other federal departments, provinces and territories, and other stakeholders	Rural teams: 345 regional initiatives (including learning events, workshops, dialogues and research projects) have been achieved since 2006-07. This increase in activity is in large measure a function of increased Rural Team engagement fostered by filling vacant regional advisor positions. Regional activities are a more effective use of limited resources and generate larger scale results
Creation of research and evidence based knowledge regarding rural Canada, community capacity building and rural development	Contributions to research projects in Government of Canada priority areas: Prairie Immigration study; study on Resource-reliant communities (with NRCan); review of community capacity building impacts of certain activities; and study on a selected community's ability to adapt to climate change. These studies will enable the Government to more effectively target future resources and activities by identifying key programming success factors
Usage of or reference to research and tools	Three *Rural and Small Town Canada Bulletins* were published, in collaboration with Statistics Canada. These free publications provide in-depth, up-to-date accessible information on specific priority rural issues Analysis of Models Program is underway and will be concluded in 08-09; this analysis will provide evidence-based knowledge that will enable federal departments to better implement effective community development approaches The Community Information Database (CID) has shown continued strong usage (800-1,000 visits per month; this use rate has gradually increased since the database was introduced)

Building on lessons learned from Canadian Rural Partnership (CRP) programming and through consultations with partners, in 2007-08 the Rural Secretariat developed a proposed new CRP that moved from development of a comprehensive knowledge base on rural issues, and building partnerships, to the focused use of partnerships with rural stakeholders and other government partners to enhance the capacity of communities to capture economic opportunities through innovative use of their potential (versus reliance on traditional, often extractive, economic activities) and to derive new value from rural amenities.

There are similarities in the economic challenges facing rural resource-based communities, regardless of whether their primary sector is agriculture, fishing, forestry or mining. During 2007-08, the Rural Secretariat worked with Natural Resources Canada and Fisheries and Oceans Canada to develop a coherent federal policy approach to supporting community economy development in resource based communities. While these have not yet involved specific joint projects, consistency in approach and a sharing of best practices can ensure targeted optimal use of resources in support of community development and effective community development strategies as levers to increased sectoral prosperity.

In 2007-08, the Rural Secretariat strengthened its internal inter-departmental policy network (Rural Development Network) and its links with the National Rural Research Network (academics, governments and Stakeholders working on rural development issues) and Rural Teams networks (federal, provincial and territorial and stakeholder networks in each province or territory) to ensure rural issues are considered in federal policy and program development. These networks have broadened their scope to include rural stakeholders.

The Rural Development Network is an inter-departmental committee of approximately 170 policy members representing 29 federal departments and agencies that acts as a bridge between federal government policy analysts and researchers who are interested in rural affairs, and provides a forum for information-sharing and a virtual collaboration tool as a platform to facilitate a better understanding of rural issues and their integration into policy development in the federal government. It works with the National Rural Research Network (external to government) to enhance knowledge about rural issues to better inform policy making. Bio-economic issues, which are a priority across departments, were the major theme in 2008.

Regional initiatives largely driven by Rural Teams under the Rural Secretariat's leadership contributed to the creation of community development opportunities and the mitigation of barriers to economic development for rural citizens and communities across Canada. These initiatives were driven by the communities' priorities. They engaged 1,614 project partners and leveraged a total of $640,000 financial and in-kind contributions (almost 100 per cent matching).

Co-operatives Secretariat

Expected Results	Status
Increased capacity of co-operatives to meet the needs of Canadians	Met
Government policies, programs and services increase opportunities, mitigate barriers, and enhance capacity for co-operative development	Met

In 2007-08, AAFC measured progress toward these expected results, in part, through the following indicators:

Performance Indicators	Progress in 2007-08
Number of partnerships established and maintained with sectoral organizations, other federal departments and provinces	A network of 20 provincial, regional and sectoral partners were involved in the delivery of the Co-operative Development Initiative (CDI) – Advisory services. A partnership with Statistics Canada and HRSDC was implemented for a co-operatives financing survey to assess the need for and availability of capital for new co-operative enterprises and, if any issues exists, identify the appropriate government response.
Change in available research pertinent to co-operatives and co-operative development	Four case studies were produced, ready for publication. Preliminary analysis of the effectiveness of the 1st phase of CDI – funded innovation project was in progress of being finalized so that future program parameters may be adjusted as appropriate.
Use of or reference to research and tools	The Co-operatives Secretariat annual statistical report on co-operatives is the only Canadian report of its kind, providing comprehensive, accurate data on the co-op sector for use by the research community and the sector itself.
Number of co-operative initiatives supported by the CDI program	CDI – Advisory Services assisted three new co-operatives and 76 existing co-operatives. CDI – Innovation and Research supported 41 projects (29 in previous year – projects are demand driven, and as the initial funding cycle was coming to an end, many proponents submitted proposals at the last minute). Ag-CDI supported 22 value-added agriculture projects in 2007-08, including eight bio-fuel projects. The 2007-08 reception period for projects was only 5 months – from November 2007 to March 2008.

In 2007-08, partnerships were continued with co-operatives sector national associations and their network of regional and provincial associations, in the delivery of CDI-Advisory Services, which built greater relationships among partners and supported the development of new co-operatives while strengthening existing ones.

During 2007-08, the Co-operatives Secretariat extended Ag-CDI (a targeted ag-specific sub-component of CDI) for two years, enabling continued partnership with the co-operative sector to assist farmers who wanted to explore the co-operative approach to capture new agricultural value-added opportunities, including bio-fuels.

The production of case studies and lessons learned from CDI-Innovation funded projects, as well as the collection of co-operatives statistics, increased knowledge about co-operative growth opportunities and issues for better informed policy decisions, with a view to enhance co-operatives development to meet the needs of Canadians.

Partnership with Statistics Canada and Human Resources and Social Development Canada in building knowledge of co-operative financing issues will assist in future policy development both within AAFC and across departments. This knowledge will complement work undertaken by Industry Canada as part of their Small and Medium Size Business Financing Survey.

Program Activity – Canadian Pari-Mutuel Agency

The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada.

Planned Spending ($ millions) – Net	Authorities ($ millions) – Net	Actual Spending ($ millions) – Net
-	2.7	(0.9)
Planned FTEs*	**Authorities**	**Actual FTEs***
65	N/A	57

* Full-Time Equivalents

Differences between Planned and Actual FTEs are largely the result of a change in the basis of the allocation by program activity. The Planned FTEs, determined at the time of preparing the 2007-08 Report on Plans and Priorities, were not available by Program Activity and a notional allocation had to be used.

Expected Results	Status
Enhanced capacity to manage risk in pari-mutuel betting, thereby helping to protect the betting public against fraudulent activities	Met

In 2007-08, AAFC measured progress toward these expected results, in part, through the following indicators:

Performance Indicators	Progress in 2007-08
Tote tests conducted for all Tote systems	100 per cent of all tote systems approved and operating
Percentage of pari-mutuel pools audited	73,157 of 237,015 (31 per cent) of pari-mutuel pools were audited, exceeding target of 25 per cent
Number of samples analyzed	51,840 samples were collected and analyzed from 30,352 races, meeting the targeted average of 1.7 samples per race
Research projects completed	Long-term research projects remain on schedule

In 2007-08, tote testing and regular auditing of pari-mutuel pools continued to ensure betting systems operate in the manner prescribed by the Pari-Mutuel Betting Supervision Regulations, and that statutory deductions and pay-out prices are calculated accurately.

The CPMA's provision of equine drug control programs at Canadian racetracks creates an effective deterrent to those who would attempt to influence the outcome of a race by administering prohibited substances to race horses.

Long-term research projects will help develop drug detection methodologies for anabolic steroids and blood-doping agents. To this end, the CPMA in 2007-08 continued its research in response to an industry request regarding the controlled use of the anti-bleeding medication *furosemide*, to determine whether an increase in the allowable dosage would interfere with the ability to detect other prohibited substances.

Performance Indicator	Progress in 2007-08
Key review milestones achieved	Ministerial approval included recommended changes to regulatory framework Justice Canada began development of pre-edited version of draft amendments

Establishing a more efficient and effective regulatory model will ensure the interests of the Canadian public are protected whenever they are betting on horse-racing, without unnecessarily inhibiting the ability of racetrack operators to compete in the broader gaming environment.

More details on Canadian Pari-Mutel Agency performance are available online.

Supplementary Information

Departmental links to Government of Canada Outcome areas

	2007-2008	
Strategic Outcomes/Program Activity	**Actual Spending – Net**	**Alignment to Government of Canada Outcome Area**
Security of the Food System		
Business Risk Management	2,223.6	Program Activity Business Risk Management contributes to the achievement of the Government of Canada's Economic Affairs: Strong Economic Growth outcome area
Food Safety and Food Quality	113.3	Program Activity Food Safety and Food Quality contributes to the achievement of the Government of Canada's Economic Affairs: Strong Economic Growth outcome area
Markets and International @ 70%	80.5	Program Activity Markets and International contributes to the achievement of the Government of Canada's Economic Affairs: Strong Economic Growth and International Affairs: A Prosperous Canada Through Global Commerce outcome areas
National Farm Products Council	3.7	Program Activity National Farm Products Council contributes to the achievement of the Government of Canada's Economic Affairs: Strong Economic Growth outcome area
Total Security of the Food System	*2,421.2*	
Health of the Environment		
Environment	444.5	Program Activity Environment contributes to the achievement of the Government of Canada's Economic Affairs: A Clean and Healthy Environment outcome area
Total Health of the Environment	*444.5*	
Innovation for Growth		
Innovation and Renewal	511.5	Program Activity Innovation and Renewal contributes to the achievement of the Government of Canada's Economic Affairs: An Innovative and Knowledge-Based Economy outcome area
Markets and International @ 30%	34.5	Program Activity Markets and International contributes to the achievement of the Government of Canada's Economic Affairs: Strong Economic Growth and International Affairs: A Prosperous Canada Through Global Commerce outcome areas
Rural and Co-operatives Secretariats	28.1	Program Activity Rural and Co-operatives contributes to the achievement of the Government of Canada's Economic Affairs: An Innovative and Knowledge-Based Economy outcome area
Canadian Pari-Mutuel Agency	(0.9)	Program Activity Canadian Pari-Mutuel Agency contributes to the achievement of the Government of Canada's Economic Affairs: A Fair and Secure Marketplace outcome area
Total Innovation for Growth	*573.2*	
Total	**3,438.8**	

The figures have been rounded to the nearest millions of dollars. Due to rounding, figures may not add to the totals shown.

Table 1: Comparison of Planned to Actual Spending (including Full-time Equivalents)

($ millions)	2005-2006 Actual Spending	2006-2007 Actual Spending	2007-2008 Main Estimates	2007-2008 Planned Spending	2007-2008 Authorities	2007-2008 Actual Spending
Business Risk Management	2,568.3	2,442.9	1,272.5	1,524.4	2,291.2	2,227.4
Food Safety and Food Quality	57.8	67.8	120.9	121.0	100.1	113.3
Markets and International	117.1	131.1	112.0	112.2	112.6	115.1
Environment	292.3	382.2	331.7	332.0	440.2	462.5
Innovation and Renewal	335.4	549.4	611.9	679.3	604.1	521.3
Rural & Co-operatives Secretariats	26.3	20.8	27.0	27.0	31.3	28.1
National Farm Products Council	3.6	2.5	3.8	3.8	4.4	3.7
Canadian Pari-Mutuel Agency	15.0	13.2	15.0	15.0	17.7	13.0
Total Gross	**3,415.7**	**3,609.9**	**2,494.8**	**2,814.7**	**3,601.6**	**3,484.5**
Less Respendable revenue	34.1	42.1	60.5	60.5	60.5	45.7
Total Net	**3,381.7**	**3,567.7**	**2,434.3**	**2,754.2**	**3,541.1**	**3,438.8**
Less: Non-Respendable revenue	51.7	74.7	N/A	23.7	N/A	44.3
Plus: Cost of services received without charge (1)	48.1	57.9	N/A	45.7	N/A	48.2
Total Departmental Spending	**3,378.1**	**3,550.9**	**N/A**	**2,776.2**	**N/A**	**3,442.8**
Full-Time Equivalents (FTEs)	**6,225**	**6,585**	**N/A**	**6,564**	**N/A**	**6,702**

Notes:

(1) Cost of services received without charge includes accommodation provided by Public Works and Government Services Canada (PWGSC), the employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (excluding revolving funds), Workers' Compensation coverage provided by Social Development Canada, and services provided by the Department of Justice Canada

FTEs = Full-Time Equivalents – reflect only those FTEs funded through the department's appropriated resources. In addition to the actual FTEs of 6,702, there were 45 FTEs employed by AAFC for research funded through collaborative agreements with industry partners and 19 FTEs funded from other government departments. Also, 446 FTEs were employed as students.

Main Estimates figures are as reported in the 2007-2008 Main Estimates.

Planned Spending figures are as reported in the 2007-2008 Report on Plans and Priorities (RPP). Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also included adjustments totalling $319.9 million for funding approved in the government fiscal plan, but yet to be brought into the department's reference levels.

Authorities are 2007-2008 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2007-2008 fiscal year, as well as adjustments to statutory amounts, internal adjustments and transfers (totalling $1,106.8 million), as reported in the 2007-2008 Public Accounts.

Actual Spending figures represent the actual expenditures incurred during the 2007-2008 fiscal year, as reported in the 2007-2008 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

The variance between Actual and Planned Spending is primarily attributable to funding received in Budget 2007 for Cost of Production and AgriInvest Kickstart programs which was not included in the Planned Spending due to timing.

The figures in the above table have been rounded to the nearest millions of dollars. Due to rounding, figures may not add to the totals shown.

Table 2: Voted and Statutory Items

($ millions)		2007–2008			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities	Actual
1	Operating expenditures	605.9	662.3	725.3	683.8
5	Capital expenditures	28.6	37.2	52.8	32.5
10	Grants and contributions	595.8	714.1	650.0	614.0
12b	To write-off the projected net drawdown authority used by the Canadian Pari-Mutuel Agency Revolving Fund of up to $500,000 effective March 31, 2008	-	-	0.0	-
15	Pursuant to section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of an amount not exceeding, at any one time, in aggregate, the sum of $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Spring Credit Advance Program and $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Enhanced Spring Credit Advance Program	0.0	0.0	0.0	-
20	Pursuant to Section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of amounts not exceeding, at any time, in aggregate, the sum of $140,000,000 payable in respect of Line of Credit Agreements to be entered into by the Farm Credit Corporation for the purpose of the Renewed (2003) national biomass ethanol program	0.0	0.0	0.0	-
(S)	Grants in support of the Cull Breeding Swine Program	-	-	38.0	38.0
(S)	Canadian Cattlemen's Association Legacy Fund	5.0	5.0	7.0	7.0
(S)	Grant payments for the Drought Assistance Package for Livestock Producers	-	-	4.4	4.4
(S)	Grant payments for the Golden Nematode Disaster Program	-	-	0.5	0.5
(S)	Grant Payments for the Agricultural Disaster Relief Program – AgriRecovery	-	110.3	0.1	0.1
(S)	Grants to agencies established under the *Farm Products Agencies Act*	0.2	0.2	0.6	-
(S)	Grants in support of the Grain and Oilseed Payment Program	-	-	(0.0)	(0.0)
(S)	Class grant payments for the Transitional Industry Support Program	-	-	(0.2)	(0.2)
(S)	Grant Payments for the Canadian Agricultural Income Stabilization Program Inventory Transition Initiative	-	-	(0.7)	(0.7)
(S)	Class grant payments for the Farm Income Program	-	-	(1.0)	(1.0)
(S)	Grant and Contribution Payments for the AgriInvest Kickstart Program	-	-	580.1	580.1
(S)	Grants and Contributions in support of the Cost of Production Benefit	-	-	398.3	398.3
(S)	Grant and Contribution Payments for the AgriInvest Program	-	-	167.3	167.3
(S)	Contributions in support of Business Risk Management Programs under the Agricultural Policy Framework – Production Insurance	407.0	407.0	416.4	416.4
(S)	Contributions in support of Business Risk Management Programs under the Agricultural Policy Framework – Canadian Agricultural Income Stabilization Program	570.5	595.5	377.3	377.3
(S)	Payments in connection with the *Agricultural Marketing Programs Act*	138.7	138.7	44.1	44.1

Table 2: Voted and Statutory Items – Continued

($ millions)		2007-2008			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities	Actual
(S)	Contributions for agricultural risk management Spring Credit Advance Program Business Risk Management	-	-	8.9	8.9
(S)	Contributions in support of Business Risk Management Programs under the Agricultural Policy Framework – Agriculture Policy Initiatives	4.2	4.2	4.7	4.7
(S)	Loan guarantees under the *Farm Improvement and Marketing Cooperatives Loans Act*	4.0	4.0	0.7	0.7
(S)	Contributions in support of Business Risk Management Programs under the Agricultural Policy Framework – Province-Based Programs	-	-	(0.0)	(0.0)
(S)	Class contribution payments for the Transitional Industry Support Program	-	-	(0.1)	(0.1)
(S)	Contributions to a Transition to Future Risk Management Programming	-	-	(0.3)	(0.3)
(S)	Contributions to the Bovine Spongiform Encephalopathy (BSE) Recovery Program	-	-	(1.0)	(1.0)
(S)	Class contribution payments for the Farm Income Program	-	-	(4.7)	(4.7)
(S)	Class Contribution payments for Repositioning of the Canadian Beef and Cattle Industry	-	-	(8.9)	(8.9)
(S)	Contributions to employee benefit plans	74.3	75.6	74.7	74.7
(S)	Spending of proceeds from the disposal of surplus Crown assets	-	-	3.9	3.5
(S)	Minister of Agriculture and Agri-Food – Salary and motor car allowance	0.1	0.1	0.1	0.1
(S)	Refunds of amounts credited to revenues in previous years	-	-	0.0	0.0
(S)	Collection agency fees	-	-	0.0	0.0
(S)	Canadian Pari-Mutuel Agency Revolving Fund	-	-	2.7	(0.9)
	TOTAL	2,434.3	2,754.2	3,541.1	3,438.8

Notes:

(S) denotes a Statutory Item

Main Estimates figures are as reported in the 2007-2008 Main Estimates.

Planned Spending figures are as reported in the 2007-2008 Report on Plans and Priorities (RPP). Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also included adjustments totalling $319.9 million for funding approved in the government fiscal plan, but yet to be brought into the department's reference levels.

Total Authorities are 2007-2008 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2007-2008 fiscal year, as well as internal adjustments and transfers (totalling $1,106.8 million), as reported in the 2007-2008 Public Accounts.

Actual figures represent the actual expenditures incurred during the 2007-2008 fiscal year, as reported in the 2007-2008 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

The variance between Actual and Planned Spending is primarily attributable to funding received in Budget 2007 for Cost of Production and AgriInvest Kickstart programs which was not included in the Planned Spending due to timing.

The figures in the above table have been rounded to the nearest millions of dollars. For this reason, figures that cannot be listed in millions of dollars are shown as 0.0.

Due to rounding, figures may not add to the totals shown.

Table 3: Sources of Respendable and Non-Respendable Revenue

For supplementary information on the department's sources of respendable and non-respendable revenue please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 4: Canadian Pari-Mutuel Agency Revolving Fund

For supplementary information on the Canadian Pari-Mutuel Agency Revolving Fund please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 5-A: User Fees Act

For supplementary information on the department's User Fees please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 5-B: Policy on Service Standards for External Fees

For supplementary information on the department's Service Standards for External Fees please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 6: Details on Project Spending

The following projects have or are expected to exceed the department's delegated project approval level of $5 million:

1. Skyline Campus
2. Enhancements to the delivery systems for the Business Risk Management Programs under the Agricultural Policy Framework
3. Duncairn Dam / Water Infrastructure Upgrades
4. National Land and Water Information Service (NLWIS)
5. Junction Dam Rehabilitation
6. St. Boniface General Hospital
7. Dairy Research Facility
8. Greenhouse and Growth Chamber Facility

Supplementary information on details on Project Spending can be found at: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 7: Status Report on Major Crown Projects

Agriculture and Agri-Food Canada was the lead department and managed the following Major Crown project:

National Land and Water Information Service (NLWIS)

Supplementary information on this Major Crown Project can be found at: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 8: Details on Transfer Payment Programs (TPPs)

Agriculture and Agri-Food Canada managed the following transfer payment programs in excess of $5 million:

1. Canadian Agricultural Income Stabilization (CAIS)/Canadian Agricultural Income Stabilization Inventory Transition Initiative (CITI)
2. Production Insurance
3. Cover Crop Protection Program
4. Bovine Spongiform Encephalopathy (BSE)/Cull Cow
5. Facilitating the Disposal of Specified Risk Materials
6. Spring Credit Advance Program (SCAP)/Enhanced Spring Credit Advance Program (ESCAP)
7. Payments in connection with the *Agricultural Marketing Programs Act* (AMPA)
8. Cost of Production Benefit
9. AgriInvest Kickstart Program
10. AgriInvest Program
11. Cull Breeding Swine Program
12. Control of Diseases in the Hog Industry – Circovirus Initiative
13. Contributions for Agriculture and Agri-Food Sector Assistance – Environment
14. Contributions for Agriculture and Agri-Food Sector Assistance – Food Safety and Food Quality
15. Canadian Farm Families Options Program (CFFOP)
16. Advancing Canadian Agriculture and Agri-Food (ACAAF)
17. Contributions for Agriculture and Agri-Food Sector Assistance – Science and Innovation
18. Contributions for Agriculture and Agri-Food Sector Assistance – Renewal
19. Plum Pox Eradication Program
20. Canadian Cattlemen's Association Legacy Fund
21. Contributions in support of Rural Canada and of development in the area of Co-operatives
22. Contributions for Agriculture and Agri-Food Sector Assistance – International (Canadian Agriculture and Food International)

Supplementary information on these Transfer Payments can be found at:
http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 9: Foundations (Conditional Grants)

Agriculture and Agri-Food Canada managed the following foundation (conditional grant) program in excess of $5 million:

Canadian Agri-Food Policy Institute (CAPI)

Supplementary information on the Foundation (Conditional Grant) can be found at:
http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 10: Horizontal Initiatives

A "horizontal initiative" is an initiative in which partners from two or more organizations have agreed under a formal funding agreement (e.g. Memorandum to Cabinet, Treasury Board submission, federal-provincial agreement) to work toward the achievement of shared outcomes.

The objective of reporting on horizontal initiatives is to provide Parliament and the Canadian public and government with an overall picture of public spending and results achieved by departments working together.

Horizontal initiatives listed below were led by AAFC and were allocated federal funds that exceed $100 million (counting all federal partners) for the duration of the program, or were allocated less than $100 million in federal funds but still considered to be key to the achievement of government priorities, or had a high public profile.

Following is a summary list of horizontal initiatives for 2007-08. More complete information on each initiative, including spending and results, is available on the Treasury Board Secretariat's Horizontal Results Database.

1. Canadian Agricultural Income Stabilization program (CAIS)
2. Canadian Agricultural Skills Services (CASS)
3. Co-operatives Secretariat
4. Farm Business Services
5. MOU with Canadian Food Inspection Agency (CFIA) on Food Safety and Quality
6. AAFC-Department of Foreign Affairs and International Trade (DFAIT) MOU on Agri-Food Specialists Positions Abroad
7. MOU with Environment Canada (EC) on the National Agri-Environmental Standards Initiative (NAESI)
8. MOU with Health Canada (HC) on Food Safety and Quality and Environment
9. Production Insurance
10. Rural Development

Table 11: Sustainable Development Strategy

AAFC's fourth Sustainable Development Strategy highlights the ongoing implementation of the Agricultural Policy Framework and examines progress towards sustainable agriculture in Canada. The SDS also helps to lay the groundwork for the next generation of agricultural policies and programs.

In preparation for the fourth round of SDSs, federal departments worked together to improve coordination and build coherence among the strategies through a set of common federal goals. These goals comprise three environmental quality goals – clean water, clean air, and reduced greenhouse gas emissions. They also include three sustainable development management goals – sustainable communities, sustainable development and use of natural resources and governance for sustainable development. AAFC indicated how the department contributes to these federal goals in SDS IV.

For supplementary information on the department's progress against commitments contained in the Sustainable Development Strategy please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 12: Response to Parliamentary Committees and External Audits

For supplementary information on the department's responses to Parliamentary Committee reports, external audits, reports of the Auditor General of Canada, and internal or external audits and evaluations, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 13: Internal Audits and Evaluations

For a list of key internal audits and electronic links to completed internal audits for 2007-08 please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 14: Travel Policies

AAFC follows and uses the travel policy parameters of the Treasury Board Secretariat.

Table 15: Financial Statements of Departments and Agencies (including Agents of Parliament) and Revolving Funds Financial Statements

For the year ended March 31, 2008

This table includes two sets of financial statements: one set for Agriculture and Agri-Food Canada, starting on page 63, and one for the Canadian Pari-Mutuel Agency Revolving Fund, starting on page 92.

Note: AAFC's Financial Statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables in the DPR is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note 3 on page 75 of the financial statements reconciles these two accounting methods.

AGRICULTURE AND AGRI-FOOD CANADA

Financial Statements (Unaudited)

For the year ended March 31, 2008

Statement of Management Responsibility

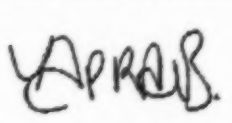
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

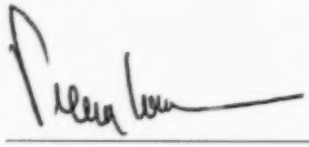
Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The departmental Audit and Evaluation committee oversees and approves the planning and reporting of audits, evaluations and reviews of departmental policies, organizations, programs, and practices.

The financial statements of the department have not been audited.



Yaprak Baltacioğlu, Deputy Head



Pierre Corriveau, Senior Financial Officer

Ottawa, Canada
August 05, 2008

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Operations (Unaudited)

For the year ended March 31, 2008
(in thousands of dollars)

	2008	2007
Expenses (Note 4)		
Business risk management	$ 1,930,813	$ 2,840,160
Innovation and renewal	500,933	565,673
Environment	437,349	397,012
Markets and international	104,083	137,313
Food safety and food quality	107,721	70,622
Rural and Co-operatives Secretariats	26,949	20,865
Canadian Pari-Mutuel Agency	13,036	14,043
National Farm Products Council	3,476	2,571
	3,124,360	**4,048,259**
Revenues (Note 5)		
Business risk management	103,658	86,092
Innovation and renewal	20,746	16,285
Environment	24,881	24,122
Markets and international	2,293	2,144
Food safety and food quality	1,754	2,481
Rural and Co-operatives Secretariats	458	-
Canadian Pari-Mutuel Agency	13,855	13,753
National Farm Products Council	96	-
	167,741	**144,877**
Net cost of operations	**$2,956,619**	**$3,903,382**

The accompanying notes form an integral part of these financial statements.

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Financial Position (Unaudited)

As at March 31
(in thousands of dollars)

	2008	2007
ASSETS		
Financial assets		
Cash	$ 1,867	$ 657
Accounts receivable (Note 6)	100,989	124,468
Loans and advances (Note 7)	604,637	580,627
Investment in a Crown corporation (Note 8)	1,208,333	1,208,333
	1,915,826	1,914,085
Non-financial assets		
Prepaid expenses and inventory	4,515	2,579
Tangible capital assets (Note 9)	338,496	348,069
	343,011	350,648
	$2,258,837	**$2,264,733**
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities (Note 10)	$ 2,383,030	$ 2,848,583
Accrued salaries and vacation	52,325	52,483
Deferred revenue (Note 11)	12,638	11,912
Employee future benefits (Note 12)	95,298	96,878
Other liabilities (Note 13)	316,478	495,186
	2,859,769	3,505,042
Equity of Canada (Note 17)	(600,932)	(1,240,309)
	$2,258,837	**$2,264,733**

Contingencies (Note 14)
Contractual obligations (Note 15)

The accompanying notes form an integral part of these financial statements.

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Equity of Canada (Unaudited)

For the year ended March 31
(in thousands of dollars)

	2008	2007
Equity of Canada, beginning of year	**$ (1,240,309)**	**$ (962,897)**
Net cost of operations	(2,956,619)	(3,903,382)
Current year appropriations used (Note 3)	3,438,828	3,567,722
Revenue not available for spending	(26,197)	(26,544)
Refunds of previous years expenditures	(970)	(521)
Change in net position in the Consolidated Revenue Fund (Note 3)	136,098	27,408
Services received without charge (Note 16)	48,237	57,905
Equity of Canada, end of year (Note 17)	**$ (600,932)**	**$(1,240,309)**

The accompanying notes form an integral part of these financial statements.

AGRICULTURE AND AGRI-FOOD CANADA

Statement of Cash Flow (Unaudited)

For the year ended March 31
(in thousands of dollars)

	2008	2007
Operating activities		
Net cost of operations	$ 2,956,619	$ 3,903,382
Non-cash items :		
Amortization of tangible capital assets	(41,435)	(37,509)
Gain (Loss) on disposal and non-cash changes in tangible capital assets	335	(257)
Services received without charge	(48,237)	(57,905)
Variances in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(23,479)	36,500
Increase (decrease) in loans and advances	24,010	(73,440)
Increase (decrease) in prepaid expenses and inventory	1,936	(1,191)
Decrease (increase) in liabilities	645,273	(240,585)
Cash used by operating activities	**3,515,022**	**3,528,995**
Capital investment activities		
Acquisition of tangible capital assets	31,858	45,145
Proceeds from disposal of tangible capital assets	(331)	(112)
Cash used by capital investment activities	**31,527**	**45,033**
Financing activities		
Net cash provided by Government of Canada	(3,547,759)	(3,568,065)
Net cash used (provided)	**(1,210)**	**5,963**
Cash, beginning of year	**657**	**6,620**
Cash, end of year	**$ 1,867**	**$ 657**

The accompanying notes form an integral part of these statements.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

1. Authority and objectives

The *Department of Agriculture and Agri-Food Act* of 1994 establishes the Department of Agriculture and Agri-Food as a Department of the Government of Canada. Under the Act, the Minister is responsible for agriculture, products derived from agriculture, and research related to agriculture and products derived from agriculture including the operation of experimental farm stations, unless they have been assigned by law to another department, board or agency.

The Department's objective is to promote and support, in a sustainable manner, a growing, competitive, market-oriented agriculture and agri-food industry with principle emphasis on eight program activities:

Business risk management

Enhancing the producer's capacity to manage risk, and increasing the sector's viability and profitability.

Innovation and renewal

Equipping the sector with new business and management skills, bioproducts, knowledge-based production systems and strategies to capture opportunities and manage change.

Environment

Achieving environmental sustainability of the sector and progress in the areas of soil, water, air and biodiversity.

Markets and international

Expanding international opportunities for the Canadian agri-food sector.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

1. Authority and objectives (continued)

Food safety and food quality

Minimizing the risk and impact of food-borne hazards on human health, increasing consumer confidence and improving the sector's ability to meet or exceed market requirements for food products.

Rural and Co-operatives Secretariats

Leads an integrated, government-wide approach, called the Canadian Rural Partnership, through which the government aims to co-ordinate its economic, social, environmental and cultural policies towards the goal of economic and social renewal of rural Canada.

Facilitating relations between cooperatives and federal departments and agencies with legislation or policies affecting cooperatives. As well, the Secretariat provides advice across government on policies affecting cooperatives, coordinates the implementation of such policies, and acts as a centre of expertise on cooperatives within the federal government.

Canadian Pari-Mutuel Agency

To regulate and supervise pari-mutuel betting for the protection of the betting public on a full cost recovery basis, in the most effective and efficient manner possible.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

1. Authority and objectives (continued)

National Farm Products Council

To advise the Minister of Agriculture and Agri-Food on all matters relating to the agencies established under the *Farm Products Agencies Act*, with a view to maintaining and promoting an efficient and competitive agriculture industry:

- to review the operations of the marketing agencies to ensure they meet their objectives as set out in legislation
- to work with the agencies in promoting more effective marketing of farm products in inter-provincial and export trade
- to work with promotion research agencies in connection with primary production research and promotion activities relating to farm products.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations – The Department is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Consolidation – The accounting entity comprises of the department of Agriculture and Agri-Food, the National Farm Products Council, and the Canadian Pari-Mutuel Agency. The accounts of these sub-entities have been consolidated with those of the department and all inter-organizational balances and transactions have been eliminated. The investment in the Farm Credit Corporation has been recorded at cost and is not consolidated. The financial statements do not include the accounts of the Canadian Food Inspection Agency, the Canadian Wheat Board, the Canadian Grain Commission, the Canadian Dairy Commission and Farm Credit Canada because they are not under the control of Agriculture and Agri-Food Canada and therefore, are not consolidated.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (continued)

(c) Net Cash Provided by Government – The department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(d) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(e) Revenues:

i) Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.

ii) Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

iii) Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

iv) Dividends are recorded as income in the period when they are received.

v) Refunds prior year expenses are recorded in the period when they are received.

vi) Interest revenue is recognized when earned. Interest revenue ceases to be accrued when either principal or interest is not reasonably collectable.

(f) Expenses – Expenses are recorded on the accrual basis:

i) Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

ii) Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual agreement.

iii) Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

iv) Services received without charge from other government departments for accommodation, employer's contribution to the health and dental insurance plans, legal services, and provincial workers compensation plan contributions are recorded as operating expenses at their estimated cost. A corresponding amount is credited directly to the Equity of Canada.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (continued)

(g) Employee future benefits

i) Pension benefits – The department's eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. Both the employees and the department contribute to the cost of the Plan. The department's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the department. The department is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Severance benefits – Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. These costs are calculated using information derived from the results of the actuarially-determined liability for employee severance benefits for the Government as a whole. Employee severance benefits on cessation of employment represent obligations of the department that are normally funded through parliamentary appropriations when the benefits are paid.

iii) Other future benefit plans – The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Service Plan represent the two major future benefit plans available to the department's employees. The department does not pay for these programs as they fall under the federal government's financial responsibilities, but the department records its share of the annual benefits paid under these programs as a service received without charge from other government departments. No amount is recorded in the department's financial statements with regard to the actuarial liability of these programs at year end.

(h) Accounts Receivable – Accounts receivable are stated at amounts expected to be ultimately realized; an allowance is made for receivables where recovery is considered uncertain.

(i) Loans and advances – Loans and advances are recorded at amounts expected to be ultimately realized; an allowance is made where recovery is considered uncertain.

(j) The department has conditionally repayable contributions. These are contributions that, all or part of which become repayable, if conditions specified in the contribution agreement come into effect. Accordingly, they are not recorded on the Statement of Financial Position until such time as the conditions specified in the agreement are satisfied at which time they are then recorded as a receivable and a reduction in transfer payment expenses. An estimated allowance for un-collectability is recorded where appropriate.

(k) Contingent liabilities – Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (continued)

(l) Loan and Price Guarantees – An allowance on loans or price guarantees is recorded in the accounts when it is likely that a payment will be made to honor a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance for losses is determined based on historical loss experience and economic conditions adversely affecting the capacity of borrowers to reimburse the loan. The allowance is reviewed on a regular basis and the variations are recorded in the statement of operations.

(m) Environmental liabilities – Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the department becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the department's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(n) Tangible capital assets and leasehold improvements – Tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at historical cost or management's estimated historical cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Buildings	20 to 30 years
Works and infrastructure	15 to 40 years
Machinery and equipment	3 to 20 years
Vehicles	3 to 10 years
Assets under construction	Once in service, in accordance with asset type
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

Software and leasehold improvements costs have been capitalized prospectively since April 1, 2001. Any costs incurred previously have been expensed.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (continued)

(o) Measurement uncertainty – The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are: contingent liabilities, allowance for loan guarantees, environmental liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

3. Parliamentary appropriations

The Department receives most of its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used

	2008	2007
Net cost of operations	**$2,956,619**	**$3,903,382**
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (less):		
Services received without charge	(48,237)	(57,905)
Crop Re-insurance Fund revenues	87,838	65,943
Refunds of previous years expenditures	970	521
Reversal of opening accrued liabilities	16,172	47,414
Revenue not available for spending	26,197	26,544
Cost of Production Benefit program accrual	400,000	(400,000)
Amortization of tangible capital assets	(41,435)	(37,509)
Expenses related to loan guarantees	7,330	(13,691)
Reversal of expenditures related to the Department of Justice	-	(1,900)
Other	(420)	(9,031)
	3,405,034	3,523,768
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (less) :		
Acquisitions of tangible capital assets	31,858	45,145
Prepaid expenses and inventory purchased	1,936	(1,191)
Current year appropriations used	**$3,438,828**	**$3,567,722**

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

3. Parliamentary appropriations (continued)

(b) Appropriations provided and used

	2008	2007
Vote 1 - Operating expenditures	$ 725,306	$ 754,091
Vote 5 - Capital expenditures	52,775	51,211
Vote 10 - Transfer payments	649,970	832,761
Statutory amounts	2,113,065	2,232,296
Less:		
Appropriations available for future years	4,585	3,563
Lapsed appropriations	97,703	299,074
Current year appropriations used	**$3,438,828**	**$3,567,722**

(c) Reconciliation of net cash provided by Government to current year appropriations used

	2008	2007
Net cash provided by Government	$ 3,547,759	$ 3,568,065
Revenue not available for spending	26,197	26,544
Refunds of previous years expenditures	970	521
Change in net position in the Consolidated Revenue Fund:		
Variation in accounts receivable	23,479	(36,500)
Variation in loans and advances	(24,010)	73,440
Variation in accounts payable and accrued liabilities	(465,553)	445,000
Variation in deferred revenue	726	(5,354)
Variation in other liabilities	(178,708)	(210,801)
Other adjustments[1]	507,968	(293,193)
	(136,098)	(27,408)
Current year appropriations used	**$3,438,828**	**$3,567,722**

1 Other adjustments reflect the cumulative difference between the changes in assets and liabilities which do not have an impact on either net cash provided by Government or Appropriations Used.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

4. Expenses

	2008	2007
Grants and contributions	**$2,170,002**	**$3,066,992**
Operating expenses		
Salaries and employee benefits	565,485	577,486
Professional and other services	151,190	151,332
Allowance for loan guarantees	57,031	53,210
Materials and supplies	46,387	63,366
Amortization of tangible capital assets	41,435	37,509
Accommodation	33,744	36,798
Travel	21,881	26,722
Repairs and maintenance	18,578	16,065
Electricity and other public services	18,307	18,779
	954,038	**981,267**
Other expenses		
Crop Re-insurance Fund	320	-
Total expenses	**$3,124,360**	**$4,048,259**

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

5. Revenues

	2008	2007
Crop Re-insurance Fund	$ 88,158	$ 65,943
Sale of goods and services	52,613	50,082
Joint projects and cost sharing agreements	7,484	10,771
Dividends and interest – Crown corporations	7,609	8,722
Interest	8,459	6,598
Gain on disposal of assets	3,418	2,761
Total revenues	**$ 167,741**	**$ 144,877**

6. Accounts receivable

	2008	2007
Receivables from other departments and agencies	$ 19,585	$ 34,347
Receivables from external parties	95,751	102,621
	115,336	136,968
Less: Allowance for doubtful accounts on external receivables	(14,347)	(12,500)
Net receivables	**$ 100,989**	**$ 124,468**

Accounts Receivable from external parties are a result of program overpayments, payments under advance and loan guarantee programs and trade receivables.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

7. Loans and advances

	2008	2007
Loans resulting from loan guarantee programs	$ 123,194	$ 115,887
Less: Allowance	(86,365)	(79,754)
	36,829	36,133
Advances to Crop Re-insurance Fund	470,855	498,475
Loans to Canadian Dairy Commission	96,901	45,957
Loans for construction of exhibition buildings	52	62
Net loans and advances	**$ 604,637**	**$ 580,627**

Loans resulting from loan guarantee programs

The department's loan receivables are the result of the exercise of loan guarantees by the initial lender under the terms of various loan guarantee programs. These loans are in default with the initial lender and due immediately to the department. Interest rates on these loans vary according to the initial terms of the loans and applicable government regulations. An allowance for doubtful accounts is recorded to reflect the loans at their net realizable value.

Crop Re-insurance Fund

The fund provides funds to participating provincial governments for costs they incur in operating various crop insurance programs. Payments are made only when indemnities exceed accumulated premium reserves due to severe crop losses. The department has advanced $470,855,000 to the fund as at March 31, 2008 ($498,475,000 in 2007) and owes the equivalent amount to the department of Finance. In fiscal year 2008, the advance was reduced by $27,620,000 ($27,620,000 in 2007). The advance to the fund is non-interest bearing and 10% of the principal is repayable annually when the Crop Re-insurance fund account balance exceeds $100,000,000.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

7. Loans and advances (continued)

Canadian Dairy Commission

The Canadian Dairy Commission is a Crown corporation created in 1966 through the *Canadian Dairy Commission Act* to provide efficient producers of milk and cream with the opportunity to obtain a fair return for their labour and investment, and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.

The department provides loans to the Canadian Dairy Commission to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is $120,000,000. The loans bear interest that is specified by the department of Finance for Crown corporations and range from 2.15% to 4.37% in 2008 (3.02% to 4.57% in 2007). Individual loans are repayable within one year from the date the loan is advanced.

8. Investment in a Crown corporation

	2008	2007
Farm Credit Canada	$ 1,208,333	$ 1,208,333
	$1,208,333	**$1,208,333**

Farm Credit Canada

Farm Credit Canada exists under the *Farm Credit Canada Act*, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long term credit. The Government of Canada wholly owns the Corporation.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

9. Tangible capital assets

	Cost			
	Opening Balance	Acquisitions and adjustments	Disposals and write-offs	Closing Balance
Land	$ 12,772	$ 219	$ -	$ 12,991
Buildings	538,501	15,814	281	554,034
Works and infrastructure	36,144	9,837	-	45,981
Machinery and equipment	192,216	8,449	4,703	195,962
Vehicles	53,622	1,556	1,812	53,366
Assets under construction	27,476	(10,275)	90	17,111
Leasehold improvements	5,556	7,256	-	12,812
	$866,287	$ 32,856	$ 6,886	$ 892,257

	Accumulated Amortization			
	Opening Balance	Acquisitions and adjustments	Disposals and write-offs	Closing Balance
Land	$ -	$ -	$ -	$ -
Buildings	323,514	19,998	272	343,240
Works and infrastructure	17,697	1,016	1	18,712
Machinery and equipment	140,887	12,645	4,499	149,033
Vehicles	33,908	3,427	1,484	35,851
Assets under construction	-	-	-	-
Leasehold improvements	2,212	4,713	-	6,925
	$518,218	$ 41,799	$ 6,256	$ 553,761

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

9. Tangible capital assets (continued)

	Net book value 2008	Net book value 2007
Land	$ 12,991	$ 12,772
Buildings	210,794	214,987
Works and infrastructure	27,269	18,447
Machinery and equipment	46,929	51,329
Vehicles	17,515	19,714
Assets under construction	17,111	27,476
Leasehold improvements	5,887	3,344
	$ 338,496	$ 348,069

10. Accounts payable and accrued liabilities

	2008	2007
Accounts payable and accrued liabilities external to government	$ 1,902,104	$ 2,337,899
Due to department of Finance for Crop Re-insurance Fund	470,855	498,475
Due to other departments and agencies	8,146	10,429
Environmental Liabilities	1,925	1,780
	$2,383,030	$2,848,583

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

11. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenue stemming mainly from joint collaborative agreements and cost-sharing agreements. Revenue is recognized each year in the amount of the actual costs incurred. Details of the transactions to this account are as follows:

	2008	2007
Balance – beginning of year	$ 11,912	$ 17,266
Funds received	8,210	5,417
Revenue recognized	(7,484)	(10,771)
Balance – end of year	**$ 12,638**	**$ 11,912**

12. Employee future benefits

(a) Pension benefits – The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2008 expense amounts to $54,907,000 ($54,980,000 in 2007), which represents approximately 2.1 times (2.2 times in 2007) the employee contributions.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

12. Employee future benefits (continued)

(b) Severance benefits – The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2008	2007
Accrued benefit obligation, beginning of year	$ 96,878	$ 92,316
Expense for the year	5,257	10,633
Benefits paid during the year	(6,837)	(6,071)
Accrued benefit obligation, end of year	**$ 95,298**	**$ 96,878**

13. Other liabilities

The department holds funds in trust from the AgriInvest program, Net Income Stabilization Account program (NISA), and the Canadian Agriculture Income Stabilization program (CAIS) as well as security deposits.

The CAIS program helps producers protect their farming operations against drops in income. Program payments are shared 60% federally and 40% provincially/territorially. The provincial/territorial share of the contributions and interest paid on the contributions are held in a specified purpose account until the producers draw down their funds.

The NISA program was established by section 15 of the *Farm Income Protection Act* and the Federal/Provincial/Territorial Agreement to help producers improve long term income stability. Participants deposit funds into an account held at a participating financial institutions and receive matching contributions from the federal and provincial/territorial governments. The NISA account balance represents the federal and provincial/territorial contributions to the program. Deposits to the fund ended in 2002 when the program was replaced by the CAIS program. NISA participants must withdraw funds at a minimum annual rate of 20% of the remaining balance and over a maximum of five years beginning April 1, 2004 and ending March 31, 2009.

Starting in 2007, the AgriInvest is a producer savings account program that replaces the coverage for smaller income declines that was provided by previous programs. Program payments are cost-shared with the province or territory. The AgriInvest account balance represents the federal and provincial/territorial contributions to the program that producers can withdraw under specific terms and conditions.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

13. Other liabilities (continued)

AgriInvest, CAIS, NISA and security deposit account activity during the year was as follows:

	2008	2007
Opening balance	$ 495,186	$ 705,987
Deposits	283,022	396,637
Withdrawals	(461,730)	(607,438)
Ending balance	**$ 316,478**	**$ 495,186**

14. Contingencies

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the department is obligated or likely to be obligated to incur such costs. In 2008, the department has identified approximately 93 sites (82 sites in 2007) where such action is possible and for which a liability of $1,925,334 ($1,779,574 in 2007) has been recorded. The department has estimated additional clean-up costs of $2,358,301 in 2008 ($2,233,505 in 2007) that are not accrued, as these are not considered likely to be incurred at this time. The department's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the department in the year in which they become known.

(b) Claims and litigation

Claims have been made against the department in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded in the financial statements.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

14. Contingencies (continued)

(c) Loan or price guarantees

		Outstanding guarantees		Allowance as at March 31	
	Authorized Limit	2008	2007	2008	2007
Loans according to the Advance Payments Program under the *Agricultural Marketing Programs Act*	$5,000,000	$611,509	$276,386	$11,784	$18,947
Loans to farmers under the *Farm Improvement Loans Act* and *Farm Improvement and Marketing Cooperatives Loans Act*	3,000,000	128,999	140,785	1,290	1,408
Price guarantee agreements with marketing agencies pursuant to the Price Pooling Program under the *Agricultural Marketing Programs Act*	No limit	8,764	27,249	Nil	Nil
Loans under the Spring Credit Advance Program	1,500,000	Nil	748	Nil	Nil
Loans under the Enhanced Spring Credit Advance Program	1,500,000	10,518	604,432	3,471	7,979
		$759,790	$1,049,600	$16,545	$28,334

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

14. Contingencies (continued)

The allowance for losses is the amount recorded for estimated losses on outstanding loan guarantees and which is included in accrued liabilities. No allowance has been recorded for the Spring Credit Advance Program and the Price Pooling Program of the *Agricultural Marketing Programs Act* as no costs are likely to occur.

Under the Advance Payments Program of *Agricultural Marketing Programs Act* and Spring Credit Advance Program, the department guarantees the repayment of advances made by producer organizations to farmers in the spring and in the fall, respectively, creating a more stable business environment. In 2006, the Spring Credit Advance Program and the Advance Payment Program were merged into a single program which is the new Advance Payment Program. The maximum cash advance of the new Advance Payment Program is $400,000. The loans have a repayment term of no more than 18 months.

Under the Price Pooling Program of the *Agricultural Marketing Programs Act*, the department provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products.

Under the *Farm Improvement Loans Act* and *Farm Improvement and Marketing Co-operatives Loans Act*, the department guarantees loans by financial institutions to farmers for improvement and development of farms, and the processing, distribution or marketing of farm products. This program guarantees 95 percent of the value of loans provided to farms and co-operatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Farm Improvement and Marketing Co-operatives Loans Act* loan is $250,000. The loans are repayable within fifteen years.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

14. Contingencies (continued)

Under the Enhanced Spring Credit Advance Program of the *Agricultural Marketing Programs Act*, the department helps producers manage the cash crunch of planting a spring crop by providing loan guarantees that facilitate access to short-term credit. The maximum principal guarantee per individual producer or farm unit cannot exceed $100,000. The loans are repayable on or before September 30th of the crop year.

(d) Conditionally Repayable Contributions

Under the Ruminant Slaughter Loan Loss Reserve Program, conditionally repayable contributions have been issued for a total amount of $24,920,000 and ended in 2007. The funds contributed and accumulated interest are repayable within 10 years and no later than December 31, 2017, net of the amounts used to cover a portion of the loan defaults. The amounts that will become repayable cannot be currently estimated. The contributions bear interest rates either at the cost of capital of the lender or at the Government of Canada 90-day bond rate, as per initial agreements with the lender.

(e) Contingent Recoveries

CAIS is a federal and provincial/territorial cost shared program and CAIS Inventory Transition Initiative (CITI) is a federal funded program. When provincial governments deliver these programs and overpayments occur, the federal government is entitled to recover its share of funding if and when overpayments are recovered. The department has estimated the contingent recoverable amount as $8,569,000 in 2008 ($26,500,000 in 2007). Contingent recoveries are not recorded in the financial statements.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

15. Contractual obligations

The nature of the department's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2009	2010	2011	2012	2013 and thereafter	Total
Transfer payments	$ 10,000	10,000	10,000	8,000	-	$ 38,000
	$ 10,000	10,000	10,000	8,000	-	$ 38,000

16. Related party transactions

The department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services which were obtained without charge from other Government departments.

Services received without charge

During the year the department received without charge from other departments, accommodation, employer's contribution to the health and dental insurance plans, legal fees and provincial workers compensation plan contributions. These services without charge have been recognized in the department's Statement of Operations as follows:

	2008	2007
Employer's contribution to the health and dental insurance plans	$ 30,930	$ 34,925
Accommodation	14,066	19,666
Provincial workers compensation plan contributions	1,485	1,731
Legal services	1,756	1,583
	$ 48,237	$ 57,905

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the department's Statement of Operations.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

17. Equity of Canada

The Department operates two programs which under legislation require that the revenues be earmarked to offset the expenses of the program.

	2008	2007
Restricted equity		
Crop Re-insurance Fund	$ (253,155)	$ (340,992)
Agricultural Commodities Stabilization Accounts	647	647
	(252,508)	(340,345)
Unrestricted equity	(348,424)	(899,964)
Equity of Canada	**$(600,932)**	**$(1,240,309)**

(a) Crop Re-insurance Fund: Under the *Farm Income Protection Act*, this program provides insurance to participating provinces for costs they incur in operating crop insurance programs. The fund records receipts and disbursements under the terms of reinsurance agreements. When there is insufficient revenues to meet payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations (Note 7).

(b) Agricultural Commodities Stabilization Accounts: The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991. The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers. Current activities are limited to collection of accounts receivable.

Notes to Financial Statements (Unaudited)

For the year ended March 31, 2008
(Tabular amounts in thousands of dollars)

17. Equity of Canada (continued)

The department includes in its revenues and expenses transactions for the Crop Re-insurance Fund and for the Agricultural Commodities Stabilization Account. The *Farm Income Protection Act* and the *Agricultural Stabilization Act* require that the net balances in these accounts be segregated from the Consolidated Revenue Fund.

	Crop Re-insurance Fund	Agricultural Commodities Stabilization Account
Opening balance, April 1, 2007	$ (340,992)	$ 647
Revenues	88,157	-
Expenses	(320)	-
Ending balance, March 31, 2008	**$ (253,155)**	**$ 647**

18. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN PARI-MUTUEL AGENCY REVOLVING FUND

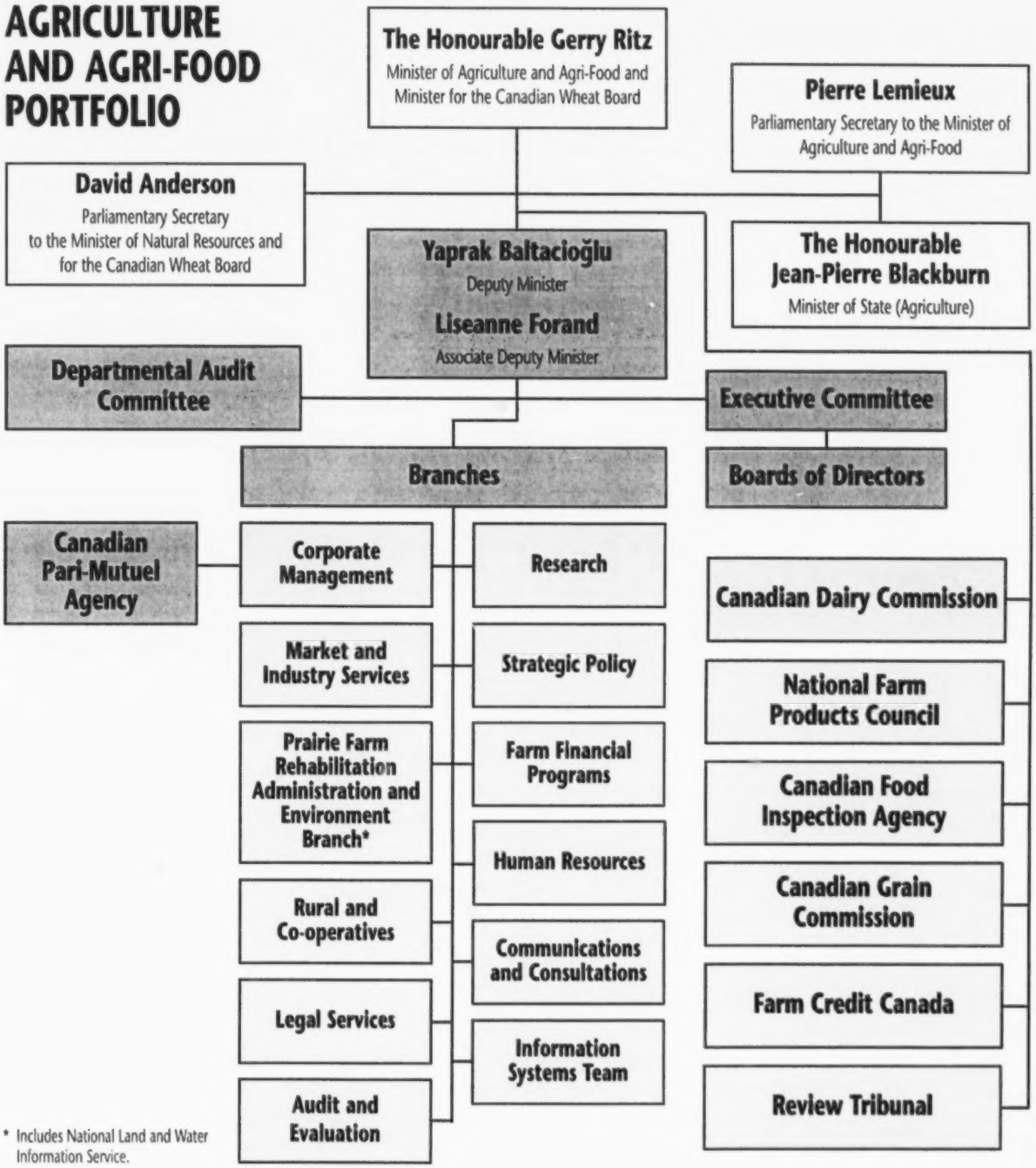
Financial Statements (Audited)

For the year ended March 31, 2008

The Canadian Pari-Mutuel Agency Financial Statements are available at www.agr.gc.ca.

Other Items of Interest

AGRICULTURE AND AGRI-FOOD PORTFOLIO



* Includes National Land and Water Information Service.

HOW TO REACH US

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www.agr.gc.ca

More information on the Department and its activities can be found at:

www.agr.gc.ca/index_e.phtml

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The Honourable Gerry Ritz

http://www.agr.gc.ca/cb/min/index_e.php

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www.fcc-sca.ca

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www.cgc.ca

Canadian Dairy Commission

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LEGISLATION ADMINISTERED BY THE MINISTER OF AGRICULTURE AND AGRI-FOOD

Acts for which Minister is named in Statute as responsible Minister and that are administered by the Department of Agriculture and Agri-Food

Agricultural Marketing Programs Act	S.C. 1997, c. 20
Agricultural Products Marketing Act	R.S. 1985, c. A-6
Animal Pedigree Act	R.S. 1985, c. 8 (4th Supp.)
Department of Agriculture and Agri-Food Act	R.S. 1985, c A-9
Experimental Farm Stations Act	R.S. 1985, c. E-16
Farm Debt Mediation Act	S.C. 1997, c. 21
Farm Improvement and Marketing Co-operatives Loans Act	R.S. 1985, c. 25 (3rd Supp.)
Farm Improvement Loans Act	R.S. 1985, c. F-3
Farm Income Protection Act	S.C. 1991, c. 22
Livestock Feed Assistance Act	R.S. 1985, c. L-10
Western Grain Transition Payments Act	S.C. 1995, c. 17

Acts for which Minister is named in an Order in Council as responsible Minister and that are administered by Department of Agriculture and Agri-Food Canada

Prairie Farm Rehabilitation Act	R.S. 1985, c. P-17

Acts for which Minister is named in statute as responsible Minister and that are administered by other entities in the Agriculture and Agri-Food Portfolio

Agriculture and Agri-Food Administrative Monetary Penalties Act (CFIA)	S.C. 1995, c. 40
Canada Agricultural Products Act (CFIA)	R.S. 1985, c. 20 (4th Supp.)
Canadian Dairy Commission Act (CDC)	R.S. 1985, c. C-15
Canadian Food Inspection Agency Act (CFIA)	S.C. 1997, c. 6
Farm Credit Canada Act (FCC)	S.C. 1993, c. 14
Farm Products Agencies Act (NFPC)	R.S. 1985, c. F-4
Feeds Act (CFIA)	R.S. 1985, c. F-9
Fertilizers Act (CFIA)	R.S. 1985, c. F-10
Fish Inspection Act (CFIA)	R.S. 1985 c. F-12
Health of Animals Act (CFIA)	S.C. 1990, c. 21
Meat Inspection Act (CFIA)	R.S. 1985, c. 25 (1st Supp.)
Plant Breeders' Rights Act (CFIA)	S.C. 1990, c. 20
Plant Protection Act (CFIA)	S.C. 1990, c. 22
Seeds Act (CFIA)	R.S. 1985, c. S-8

Act for which Minister is named in an Order in Council as responsible Minister and that are administered by other entities in the Agriculture and Agri-Food Portfolio

Canada Grain Act (CGC)	R.S. 1985, c. G-10

Act for which other ministers are responsible but that confer powers on the Minister

Criminal Code (Section 204) (Minister of Justice)	R.S. 1985, c. C-46

Act for which a minister is named in an Order in Council as responsible and that are administered partially by the Department of Agriculture and Agri-Food

Canadian Wheat Board Act	R.S. 1985, c. C-24

Acts for which another minister is responsible and that are administered partially by other agencies in the Agriculture and Agri-Food Portfolio

Consumer Packaging and Labelling Act (Minister of Industry/CFIA)	R.S. 1985, c. C-38
Food and Drugs Act (Minister of Health/CFIA)	R.S. 1985, c. F-27

APPENDIX A – LIST OF WEB SITES

Agriculture and Agri-Food Canada	http://www.agr.gc.ca/
Advance Payment Programs (APP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1178036035451&lang=e
Advancing Canadian Agriculture and Food Program (ACAAF)	http://www.agr.gc.ca/acaaf/index_e.html
Agricultural Bioproducts Innovation Program	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1195566837296&lang=e
Agricultural Marketing Programs Act (AMPA)	http://laws.justice.gc.ca/en/A-3.7/index.html
Agricultural Policy Framework (APF)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1173969168670&lang=e
Agri-Opportunities Program	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1195488674667&lang=e
Biofuels Opportunities for Producers Initiative	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1200671799794&lang=e
Business Risk Management (BRM)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1200408916804&lang=e
Canadian Agricultural Income Stabilization (CAIS)	http://www.agr.gc.ca/caisprogram/main.html
Canadian Agricultural Skills Service (CASS)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1176222540186&lang=e
Canadian Agriculture and Food International (CAFI) program	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1180110497029&lang=e
Canadian Dairy Commission (CDC)	http://www.cdc-ccl.gc.ca/cdc/index_en.asp?caid=85
Canadian Farm Business Advisory Services (CFBAS)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177623682220&lang=e
Canadian Farm Families Options Program (Options)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1176921918054&lang=e
Canadian Food Inspection Agency (CFIA)	http://www.inspection.gc.ca/english/toce.shtml
Canadian Food Safety and Quality Program (CFSQP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1178111947031&lang=e
Canadian Grain Commission (CGC)	http://www.grainscanada.gc.ca/main-e.htm
Canadian Pari-Mutuel Agency (CPMA)	http://www.agr.gc.ca/csb/cpma-acpm/index_e.php
Canadian Rural Partnership (CRP)	http://www.rural.gc.ca/home_e.phtml
Canadian Wheat Board	http://www.cwb.ca/public/en/
Co-operative Development Initiative	http://www.agr.gc.ca/rcs-src/coop/index_e.php?s1=init&page=intro
Co-operatives Secretariat	http://www.agr.gc.ca/rcs-src/coop/index_e.php
Cover Crop Protection Program	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1195499399002&lang=e
Enhanced Spring Credit Advance Program (ESCAP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177334462202&lang=e
Environment	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1182359506411&lang=e
Environmental Farm Plans (EFP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181579114202&lang=e
Farm Business Assessment	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177623682220&lang=e
Farm Credit Canada (FCC)	http://www.fcc-fac.ca/en/index.asp
Farm Debt Mediation Service (FDMS)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1196274864620&lang=e
Farm Improvement and Marketing Cooperatives Loan Act (FIMCLA)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177344219813&lang=e
Food Safety and Quality	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1178111947031&lang=e
Greencover Canada	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181580137261&lang=e
Growing Forward	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1200339470715&lang=e
International Business	http://www.agr.gc.ca/index_e.php?s1=int
Management Accountability Framework (MAF)	http://www.tbs-sct.gc.ca/maf-crg/documents/booklet-livret/booklet-livret_e.asp
Management, Resources and Results Structure	http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/mrrsp-psgrr/siglist_e.asp
National Agri-Environmental Health Analysis and Reporting Program (NAHARP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181580464260&lang=e
National Farm Products Council (NFPC)	http://nfpc-cnpa.gc.ca/english/index.html
National Farm Stewardship Program	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181579114202&lang=e

National Land and Water Information Service (NLWIS)	http://www.agr.gc.ca/nlwis-snite/index_e.cfm
National Water Supply Expansion Program (NWSEP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181583909525&lang=e
Pesticide Risk Reduction	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1176486531148&lang=e
Pest Management Regulatory Agency (PMRA)	http://www.pmra-arla.gc.ca/english/index-e.html
Planning Assessment for Value-Added Enterprise (PAVE)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1175792076275&lang=e
Prairie Farm Rehabilitation Administration (PFRA)	http://www.agr.gc.ca/pfra/
Renewal	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177623682220&lang=e
Rural Secretariat	http://www.agr.gc.ca/policy/rural/rsmenue.html
Science and Innovation	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1166204468590&lang=e
Specialized Business Planning Services	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1175714116643&lang=e
Spring Credit Advance Program (SCAP)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177336571323
Sustainable Agriculture: Making Progress Together	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1175526032952&lang=e
Sustainable Development Strategy: Making Progress Together	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1174656296851&lang=e
Watershed Evaluation of BMPs (WEBs)	http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1185217272386&lang=e